

سكرا من الامل

# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

US takeovers:  
arbitrageurs  
under fire, Page 19

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Wednesday May 21 1986

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Asia	S&P 30	Indonesia	Rx 2500	Portugal	100 50
Bahamas	Da 1.650	Italy	100 100	Spain	100 100
Belgium	100 100	Japan	100 100	Switzerland	100 100
Canada	100 100	South Africa	100 100	Taiwan	100 100
France	100 100	USA	100 100	UK	100 100
Germany	100 100	West Germany	100 100	Yugoslavia	100 100
Greece	100 100	Poland	100 100		
Holland	100 100	Romania	100 100		
India	100 100	Saudi Arabia	100 100		
Iran	100 100	South Korea	100 100		
Israel	100 100	Turkey	100 100		
Italy	100 100	USSR	100 100		
Japan	100 100				
South Korea	100 100				
Taiwan	100 100				
UK	100 100				
USA	100 100				
West Germany	100 100				
Yugoslavia	100 100				

## World news

### Saudis drop Stingers from deal

Saudi Arabia has withdrawn 800 advanced Stinger missiles from a controversial \$354m arms purchase and the Reagan Administration hopes the move will persuade Congress to let the rest of the deal go through.

US Secretary of State George Shultz informed the Senate Republic leadership of the action, which he said would "substantially strengthen" Mr Reagan's chances of winning final congressional approval.

A fear that some of the portable, shoulder-fired missiles might fall into the hands of terrorists was a large factor in Congress's initial defeat of the sale.

### Soviet envoy

Yuri Dubinin, former Soviet ambassador to Spain, is to succeed Anatoly Dobrynin as ambassador to Washington. Page 5

### Advance halts

Sri Lankan troops halted their advance on the Jaffna peninsula under heavy fire from Tamil separatists. Page 4

### Alfonso escape

Police disarmed a bomb in an army officer's club shortly before President Alfonso of Argentina was to address officers in a nearby building, the country's official news agency Telam reported. Page 5

### Beirut guards freed

Six Lebanese Muslim guards at the US Embassy were released eight hours after their abduction by gunmen at a crossing point between the Muslim and Christian sectors of Beirut.

### US gateway

Irish Government proposed measures to allow American immigration officials to screen passengers at Shannon airport for entry to the US, in the hope that traffic through Shannon will be boosted.

### Flights disrupted

A six-hour strike by Italian civil aviation staff caused delays to several international flights and temporary closure of most provincial airports.

### China-Taiwan accord

China and Taiwan signed their first accord for 37 years as they formally agreed on the return this week of a Taiwanese cargo jet now held on the Chinese mainland. Page 4

### Talks on Macao

China and Portugal will open talks next month on returning the tiny Portuguese-run territory of Macao to Peking rule.

### Cyclone toll

At least 50 people were missing and 35,000 homeless after tropical cyclone Nana hit the Solomon Islands.

### Liberal leader

Industry Minister Renato Altissimo has been elected leader of the Italian Liberal Party, one of five parties in the coalition government.

### 47m jobs needed

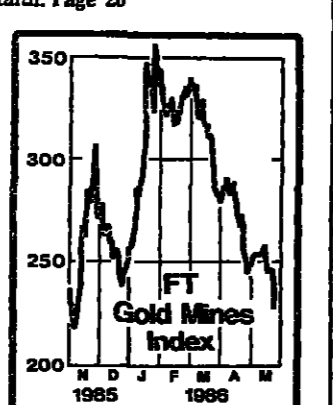
The world will have to create 47m jobs every year for the next 40 years, mainly in developing countries, to find work for newcomers to the global workforce and overcome unemployment, according to the International Labour Organisation.

### Falklands film

Israeli film-makers Menahem Golan and Yoram Globus plan to produce a big-budget drama film on the Falklands war between Britain and Argentina, officials of the Cannon Group said.

### Burroughs sets time limit for Sperry bid

BURROUGHS, US computer group, has set a deadline of 5pm today for rival Sperry to accept a sweetened \$75-a-share or \$4.35bn cash and paper takeover offer. The higher bid came as Sperry called off merger talks amid bitter recriminations, accusing Burroughs of acting in bad faith. Page 20



GOLD fell \$1.75 an ounce in the London bullion market to close at \$339.25. It also fell in Zurich to \$338.90 (\$343.05). In New York, the June Comex settlement was \$339.80. Page 32

DOLLAR rose in London to DM 2.2410 (DM 2.2255); SFR 1.8690 (SFR 1.8610); FFf 1.1375 (FFf 1.0900) and Y188.65 (Y188.25). On Bank of England figures the dollar's exchange rate index rose from 115.0 to 115.4. Page 33

STERLING fell slightly in London to \$1.5170 (\$1.5180). However, it rose to DM 3.40 (DM 3.3775); SFR 2.8350 (SFR 2.8250); FFf 10.8275 (FFf 10.7825) and Y255.75 (Y255.50). The pound's exchange rate index rose to 76.4 from 76.1. Page 33

WALL STREET: The Dow Jones industrial average closed 25.80 up at 1,793.98. Page 40

LONDON: Retail results buoyed trading and gilts improved. The FTSE 100 gained 11.8 to 1,584.9 while the FT Ordinary share index added 10.7 to 1,385.0. Page 40

TOKYO: Blue chips and consumer stocks were out of favour. The Nikkei average dipped 7.55 to 15,889.98. Page 40

FINLAND lowered its key interest rate twice in demonstration of central bank confidence in the national currency, the markka.

IBM, the US computer giant, announced a series of data communications and telecommunications products that enhance its mainframe computer network offerings. Page 21

AEROSPATIALE, the French state-owned aerospace group, boosted net profits to FFf 453.9m (\$64m) last year from FFf 332.1m in 1984 but sounded a warning about the effect of increasing international competition on its results this year. Page 21

COMMODORE INTERNATIONAL, the troubled US home computer manufacturer, is taking severe cost-cutting measures after a further heavy loss in the third quarter ending March 31. Page 21

DEERE, the leading US farm equipment manufacturer, reflected the continuing depression in US agriculture in its second-quarter figures, which showed a heavy loss after a \$32.2m reorganisation provision. Page 21

MARRIOTT, the US hotels and catering chain, has converted its friendly takeover approach to Saga, the contract food-service group, into a hostile tender offer at \$34 a share. Page 21

NORSK HYDRO, the Norwegian energy, chemicals and metals group, is bidding to become the leading European aluminium extrusions group, through the takeover of five plants in continental Europe from Alcan Aluminium of Canada. Page 21

## Front-line states demand sanctions against Pretoria

BY ANTHONY ROBINSON IN JOHANNESBURG AND TONY HAWKINS IN HARARE

A DEFIANT President P.W. Botha yesterday defended South Africa's black-border raids on alleged guerrilla targets as foreign ministers of six black-ruled states in the region called for mandatory and comprehensive economic sanctions against the Republic.

In the Zambian capital of Lusaka, Mr Oliver Tambo, president of the African National Congress of South Africa, accused Pretoria of deliberately scuttling the Commonwealth-backed peace initiative led by the "Eminent Persons Group." He told a press conference that the ANC had supported the Commonwealth mission, despite serious reservations.

The raids left the organisation no choice but to intensify the conflict in South Africa, he said. Only the unconditional release of Mr Nelson Mandela, the jailed ANC leader, would provide evidence that Pretoria was serious about peace negotiations.

Mr Botha compared the incursions into Zimbabwe, Botswana and Zambia with the recent US attack on Libya. The President said that under international law, South Africa had "the right to resort to acts of self-defence." But in his statement during an emergency debate in Parliament in Cape Town, he omitted the final line of the printed text, circulated to the press beforehand, in which he stated: "I congratulate the security forces and assure the country that we will do it again when the occasion demands."

Mr Botha made no reference to the recent conciliatory mission of the Commonwealth Eminent Persons Group, but he described the banned African National Congress (ANC) as "hell-bent on the destruction of South African society."

Mr Colin Eglin, leader of the white opposition Progressive Federal Party (PFP), attacked the raids as "a major political blunder" and warned that they would lead to an increase in violence.

As fears of sanctions mounted in the wake of Monday's raids, the South African Reserve Bank intervened to steady the rand yesterday after it fell sharply from the opening 44.30 US cents level to 42.35 cents. After bank support, the commercial rand closed only marginally lower at 44.20 cents. But large selling orders from London and other centres further depressed the financial rand, which closed at around 27.15 cents after reaching a low of 26.85 cents.

Foreign ministers of Angola, Botswana, Mozambique, Tanzania, Zambia and Zimbabwe, holding a

scheduled meeting in Harare, condemned the raids as "dastardly acts of unprovoked and unwarranted aggression." A joint communiqué called for international economic sanctions.

Although those countries, four of which have close trade and transport links with South Africa, would suffer substantially if sanctions were imposed, their stance is bound to add to escalating international pressure for more effective action against Pretoria.

Unequivocal statements of this kind will make it extremely difficult for Washington and London to oppose economic sanctions on the ground that the dependent states in the region would be hurt.

The ministers, meeting to review preparations for September's non-aligned summit to be held in Harare, also wish to strengthen the links between the "front-line" black states in the region and the non-aligned movement. It seems increasingly likely that there will be a strong lobby for the provision of military assistance from non-aligned nations designed to deter future South African attacks.

Street violence, Page 4; Feature, Page 18; Commonwealth countries reconsider sanctions, Page 20

## Belgian coalition agrees on cuts in spending

BY QUENTIN PEEL IN BRUSSELS

THE BELGIAN Government of Mr Wilfried Martens yesterday agreed on the details of nearly Bfr 200bn (\$44bn) cuts in government spending after more than six weeks of internal negotiations between the four parties of the coalition.

The deal was agreed shortly after 6 am, as public-sector unions insisted that they would go ahead with further national strikes in protest this week.

Although it will only be formally presented to the Cabinet and National Assembly tomorrow, most of the details of spending cuts and tax changes leaked out yesterday in the Belgian press.

They include a 2 per cent cut in corporation tax, balanced by the cancellation of a range of special company tax concessions, and less relief for foreign companies setting up "co-ordination centres" in Belgium.

There are also special measures to provide extra tax relief for investment in shares when linked to personal pension schemes, but some tightening up on personal tax concessions, for example on purchasing new cars.

Cuts will hit education spending, with less cash for temporary staff in schools, fewer language courses and halving of social spending for universities. There will also be new minimum charges for the health service.

Another unpopular measure is likely to be the ending of tax concessions for luncheon vouchers, while there will also be stricter rules on benefits for the dependants of unemployed workers.

The Government also intends to sell some state enterprises, identified by Belgian reports as the Regie des Transports Maritimes - the cross-Channel ferry service - and the parcels service on the Belgian railways, as well as some offshoots of the RTT, the state telecommunications corporation.

The cuts, totalling between Bfr 188bn and Bfr 200bn, fall somewhat short of the target of Bfr 214bn set by Mr Martens to reduce the public-sector deficit of more than Bfr 600bn by a third over 1986 and 1987.

They mean that the Government can now present a budget to the National Assembly, having operated

without one since the beginning of the year.

Big savings have been achieved because of the improvement in the economic situation, the reduction in interest payments on the present national debt, and a rescheduling of the debt with commercial banks.

The big challenge now facing Mr Martens is to persuade the trade unions to accept the cuts, by dividing the Christian unions supporting his own party from the more hostile Socialist unions.

The Socialist unions have called for a further national strike in both public and private sectors on May 22 and 23, while the railway workers in southern Wallonia have effectively been on strike for the past week already.

The Christian unions have not let it be known that they are seeking outright confrontation with the Government, and their attitude is likely to be crucial in the coming days.

The relief at the outcome of the negotiations was, none the less, reflected yesterday with share prices on the stock exchange ending at record levels, with gains throughout the market.

## Reagan seeks voluntary limit on sales of imported machine tools

BY NANCY DUNNE IN WASHINGTON

PRESIDENT REAGAN yesterday said he would ask Japan, West Germany, Taiwan and Switzerland voluntarily to limit their US sales of six categories of machine tools during the next five years.

Imports have been taking an increasing share of the US market, and in 1983 the National Machine Tool Builders Association filed a request for quotas on ground that the industry was vital to the nation's national security.

No US industry has succeeded in winning protection on national security grounds since 1936, when the petroleum industry was granted assistance.

The President, in an announcement released by the White House,

delayed the decision on the national security argument for six months while voluntary arrangements are sought. However, he called the US industry "a vital component of the US defence base," and said that high import levels might erode US capability to manufacture critically needed machine tools. Should he fail to get voluntary imports, it is believed that arbitrary quotas will be imposed.

Limits will be requested on the six categories most stressed by imports: machining centres, computer-controlled and non-computer controlled lathes, computer controlled and non-computer controlled punching and shearing machines, and milling machines. Imports of

machining centres alone last year had an 82 per cent market penetration, according to the machine tool makers.

Between 1981 and 1985 imports leaped from a 24.9 per cent market share to a 40.9 per cent share, the association said. During the period, imports from Japan jumped from 46 per cent to 49 per cent, West German imports rose from 13 to 14.3 per cent, Taiwan from 6.9 to 7.7 per cent and Switzerland from 5.3 to 5.5 per cent.

In 1981, machine tools from the UK held a 9.2 per cent market share. Penetration fell to 5.4 per cent last year and the UK dropped from its position as third-largest foreign supplier to number five.

### US first quarter GNP revised up to 3.7%

By Stewart Fleming in Washington and Paul Taylor in New York

THE US Commerce Department yesterday caught financial markets unprepared with the announcement of an upward revision from 3.2 per cent to 3.7 per cent in its estimate of the real annual rate of growth in the economy in the first quarter of 1986.

But just as most private economists had played down the significance of the relatively strong initial estimate released last month, so again yesterday, the upward revision was discounted as reflecting statistical refinements that do not fundamentally contradict the widespread evidence that US output is expanding only sluggishly.

Indeed, some economists yesterday argued that the latest upward revision, to the extent that it resulted from more rapid stock building than originally assumed, may have prompted production cuts that might tend to depress the second-quarter GNP figure.

The GNP data helped to send the dollar sharply higher again on the world's foreign-exchange trading floors. In the immediate wake of the announcement, the dollar gained almost 1/2 against the Japanese currency, 4 pfg against the D-Mark. It also advanced against sterling.

The rebound, which began in late European trading, continued in New York after a brief hesitation. After closing in London at Y168.40, the US currency was quoted in New York in early-afternoon trading at Y168.90, while it advanced to DM 2.2487, up from DM 2.244 in London, and to \$1.1565 against sterling. Dealers noted that trading had been quiet ahead of the GNP numbers but that their release prompted "a tremendous upsurge" in the US currency.

The GNP revision also sent already weak US bonds prices tumbling in early trading before the market reversed direction to show moderate price gains by lunchtime. However, US short-term interest rates were generally slightly firmer, reflecting investor caution about the current state of the domestic economy and the likely direction of interest rates. The cautious market mood came against the backdrop of a US Federal Open Market Committee policy-making meeting, which was taking place behind closed doors yesterday.

The Commerce Department said the upward revision "was more

Continued on Page 20  
Baker aid plea, Page 5

### BA plans US ticket lottery to boost sales

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT, IN LONDON

BRITISH AIRWAYS is to give away in the US 5,000 return tickets to the UK on June 10 in an unprecedented lottery designed to boost flagging traffic on the North Atlantic air routes in the airline's peak summer season.

Coupled with cut-rate hotel and other inducements from the UK travel trade, the airline hopes its gesture will help demonstrate that the UK enjoys a "relatively safe and peaceful life" and that US fears of terrorism need not deflect would-be tourists.

The seats give-away was presented in New York yesterday, and will be further explained on television today by Mr Colin Marshall, BA chief executive, who flew to New York last night.

It is part of a campaign to stem a drain on the airline's finances that has already cut passenger numbers since April 1 by 4 per cent against this time last year and reduced revenues by about 11 per cent.

Lord King, BA chairman, said yesterday that although in the financial year ended March 31, the airline earned a pre-tax profit of £183m (\$276m), against £188m in 1984-85, the airline needed to take drastic action to halt the fall in traffic that had occurred in recent weeks, especially since the bombing of Libya by the US and other terrorist actions such as the bomb in BA's offices in Oxford Street.

Within recent days, there had

been signs of an improvement, but overall the position was worse than this time last year and the airline was taking no chances in the current uncertain situation, and was implementing measures to limit the damage that might be caused by a continued shortfall in traffic.

"Recruitment for the summer season has been stopped, and staff numbers are being reviewed. A number of scheduled services will be cancelled or combined with others in order to avoid, as far as possible, carrying uneconomic numbers of passengers and loads of cargo."

"At the same time, tactical advertising is being increased in an attempt to boost traffic particularly on the Atlantic and early indications are that this is working," Lord King said.

Although redundancies are not yet contemplated, the airline says "the board will not hesitate to take such further steps as it considers necessary in order to minimise the adverse effects on the company."

Despite the evidence of an improvement on North Atlantic routes (where BA derives about a quarter of its revenue), the airline is still sufficiently concerned to stage promotions, such as the seats give-away.

It will involve flights from 15 US cities to the UK by 13 Boeing 747s. Continued on Page 20  
Lex, Page 20

### Poor appetite for Mrs Fields cookies

BY RICHARD TOMKINS IN LONDON

MRS FIELDS, the US-based cookie store operator, the flotation of which on London's unlisted securities market is set to make it the USM's biggest company, met with a dismal response to its offer for sale. The application list closed yesterday morning with only 4.7m shares taken up out of the 29.7m on offer. The remaining 84 per cent of the issue has been left in the hands of the underwriters.

Mr Robert Swannell of J. Henry Schroder Wagg, the merchant bank that co-sponsored the flotation with Goldman Sachs International, blamed jittery stock market conditions in the wake of National Westminster Bank's heavy cash call last week.

"But at the end of the day there was the difficulty of convincing people that the growth record of the past, which by any standards is

spectacular, would continue into the future," he said.

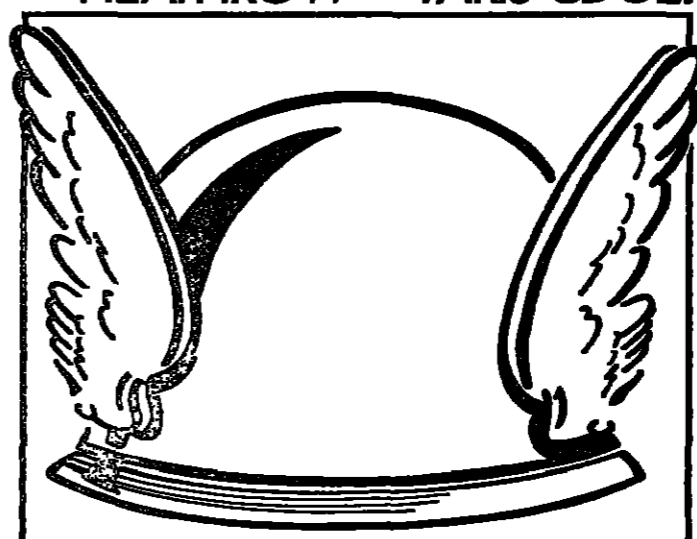
"I can only say that the proof of the pudding will be in the eating."

The issue attracted criticisms on several points including the inter-national growth prospects, the complexity of the holding company structure and associated tax losses, and the rationale behind the company's seeking a UK listing instead of a US one.

Yesterday, however, leading food-sector analysts blamed the poor response on the difficulty of selling to the London market a company unknown in Britain and the pricing of the offer in the prevailing market conditions. At 140p, the share were on a prospective earnings multiple of 18.7.

Dealings in the shares begin next Wednesday.

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## EUROPEAN NEWS

## Controls eased on telecommunications services in France

BY PAUL BETTS IN PARIS

THE FRENCH Government plans to open up to private competition the market for advanced value added telecommunications services ranging from videotelex to private business communications networks and videophones, as part of the deregulation of French telecommunications.

But Mr Gerard Longuet, the new Secretary of State for Posts and Telecommunications, said yesterday that deregulation in the coming weeks would not stretch as far as long distance and local telephone services.

The Government plans to draw up a bill to regulate competition in the French telecommunications sector during the next 15 months before eventually opening up the existing state telephone monopoly to outside carriers as the US has done with MCI and the UK with Mercury.

Mr Longuet emphasised that the French Government was anxious to avoid seeing private carriers "creaming" profitable long distance services at the expense of local telephone services. Indeed, he went as far as to suggest that long distance services, which have traditionally subsidised local services, should remain a "strong public service."

At the same time, he said he favoured a review of local service telephone tariffs, which are still extremely low in France compared to other Western countries. In turn, by making local telephone services economically more attractive the Government could pave the way for competition in local telephone services.

Mr Longuet also confirmed that the Government was reviewing the proposed deal between American Telephone and Telegraph (AT & T) and the nationalised French Co-operative General Electric (CGE) electronics and telecommunications group. The venture, which would give AT & T a 16 per cent share of the French public telephone exchange market, appears to have relatively good chances of gaining the necessary government approval, although Mr Longuet emphasised that the decision did not rest in his hands but with the industry Minister. Indeed, the final

decision is widely expected to come from Mr Jacques Chirac, the Prime Minister.

The centrepiece of the deregulation programme is the setting up of an independent watchdog agency modelled on the US Federal Communications Commission (FCC) called the Commission Nationale des Communications et Libertés (CNCL) responsible for broadcasting and telecommunications in France. The posts and telecommunications (PTT) as such will become responsible for providing services in competition in some fields with other groups.

This new agency in coming weeks will authorise new value added services to be offered by private groups to businesses seeking to set up individual communications networks or seeking advanced specialised services. Already two important associations have applied, including a link-up between IBM and the French Paribas banking group and another between Olivetti and the French Suez financial group.

The new government, in spite of its liberal and free market zeal, has clearly been waiting for the entry of a French electronics group in the value added service communications field before giving the green light to deregulation in this sector. But both IBM and Olivetti, the latter closely associated with AT & T, appear to have stolen a march in already positioning themselves to take advantage of one of the first areas of deregulation in French telecommunications.

Overall, the new Government's approach to deregulation in the telecommunications industry is far more cautious and gradual than its deregulation plans for broadcasting, including the immediate privatisation of France's oldest and largest national television network, TF-1. The broadcasting plan has provoked a political controversy and the state television networks will be disrupted by a protest strike today.

As for postal services, the new Secretary of State said he wanted to encourage development of European-wide services as well as boosting the financial services offered by the post office in France.

## Guarded optimism over talks on human contacts

FROM A CORRESPONDENT IN BERNE

REPRESENTATIVES of the 35 nations meeting in Berne to discuss East-West human contacts are due to wind up their conference at the end of this week, and it is still not clear whether there will be a final document. However the leader of the British delegation, Sir Anthony Williams, believes the meeting can already be described as a success.

Quite a lot has been achieved, Sir Anthony said. Forty four proposals were on the table.

"Even when we do not agree we have shown that we can air our problems and I believe that we may

well reach agreement on detailed provisions for improving human contacts. The meeting would not have been a failure without a final document, but it would be a failure if we had a final document that did not say anything useful."

Opinions differ as to how many of the proposals could be included in a final statement, but Western delegations have stressed the importance they attach to improving the observance of existing provisions on human rights, international postal regulations for example.

Sir Anthony makes the point that

it is easy to lump the East Europeans together, but they "differ widely from the relatively liberal to the totally illiberal."

The public opening four weeks ago of the conference, the latest to be held under the Helsinki accords, was delayed by East-West wrangling over whether the meetings should be in public.

The conference began when a "compromise" was reached, under which only the scheduled final day - Friday - will be open to the public. However, delegates have been generous with their briefings to the media and only detailed information on individual cases has been restricted.

The "sideshows" which marked the opening sessions (one group of refugees chained themselves to railings near the Bellevue Palace Hotel conference site and a Romanian set fire to himself, fortunately without serious injury) now seem to be over, and Western, neutral and non-aligned states say the Soviet delegates may now show the flexibility they have promised.

Many Western delegations stress that the mere fact the conference is being held at all represents a degree of success, since "countries were keen to clear outstanding cases from their books, often allowing would-be refugees to leave for the West before the conference opened."

It is also clear that individual cases are being solved in the working groups and corridors of the Bellevue almost daily. For example, the deputy head of the Swiss delegation, Mr Gerard Stoudmann, told reporters last week that Switzerland had successfully wrapped up some dozen cases involving named East European countries since the meeting began.

The leader of the West German delegation, Mr Hans-Martin Meyer, does not like equating cases solved with overall progress. He said he

regards a tragedy as the loss of one or two people, but this is not the same as the success of the Helsinki meeting.

The current case dealt with the non-implementation of the provisions of the Helsinki final act by states who have promised to implement them fully.

James Buxton chronicles Rome's attempts to bring development within the law  
Italy tries to impose planning after the event

AN EXTRAORDINARY bureaucratic operation is lumbering into life in Italy. Its aim is the conversion - on paper - of literally millions of illegal homes into legitimate dwellings. At the end of the day, likely to be some time in the early 1980s, much of the wild construction development that has defaced whole areas of Italy in the past 40 years will have been retrospectively both punished and sanctioned.

The operation, the condono edilizio or building pardon, should entail every Italian who owns an illegally-built house or flat owing up to the authorities, and getting it approved, against payment of a fine. The number of homes involved could exceed 3m and illegal alterations to be pardoned could run into millions more.

According to estimates by the Ministry of Public Works in Rome, more than 1.2m people had applied for the pardon by the end of March. In some parts of Italy, at least, an extremely complicated and thoroughly unpopular piece of legislation seems to be beginning to work.

To inhabitants of northern Europe, accustomed to diligent local authorities closely controlling every aspect of town and rural planning, it must come as a surprise to discover that perhaps one third of the population of Rome - about 1m people - lives in homes which were constructed without planning permission, in accordance with no urban design.

While districts have sprouted spontaneously on the outskirts of the city over the past 35 years. Some of them seem little

different from legitimately-built parts of the city but the worst blocks of flats sometimes seem to have been put next to each other completely at random.

Some of the houses are jerry-built, put up by men working only at night to avoid being caught. Services such as lighting and sewage are often non-existent. Sheep and goats graze between the blocks. There are hardly any schools and the crime and drug taking rates are predictably high.

The problem resulted from a collision between an energetic

developments which were previously held not to exist, and put in rudimentary services. But other suburbs remain beyond the pale to this day, and even in those areas that are officially recognised, house owners are not exempt from the need to seek a pardon for having built illegally.

Yet for anyone travelling south, Rome and its suburbs are only a foretaste. Almost the entire coastline from Rome to Calabria is an uninterrupted strip of development, much of

On several occasions since the War, the city council in Rome has had to enfranchise developments which were previously held not to exist and put in rudimentary services. But other suburbs remain beyond the pale to this day, and even in those areas that are officially recognised, house owners are not exempt from the need to seek a pardon for having built illegally.

and resourceful population migrating from the countryside, and a municipal administration quite unable to cope with the paperwork which its own rules demanded, let alone envisage the scale of future development.

People who wanted to build their own homes, or speculators planning ambitious developments, often went ahead without even thinking of getting permission. It would take far too long, would involve answering questions and the request would very likely be refused.

On several occasions since the war the city council in Rome has had to enfranchise vast new

it illegal. The periphery of Naples - some of the worst slums in Europe - was built with little regard for planning regulations.

In Sicily things are even worse: very little of the construction that has taken place since the Second World War is technically legal: it is reckoned that 1.5m homes are illegitimate. The ancient Greek city of Agrigento, on the south coast, is regarded as a classic case: the Valley of the Temples, one of the finest collections of Greek temples in the world, is now surrounded by villas and flats, and the construction still goes on.

The aim of the new law is twofold, firstly to raise money. The idea of offering an amnesty in return for payment for past offences, often in the field of taxation, has a long history in Italy. It is maliciously said to date back to the medieval practice of simony, when priests offered sinners a pardon in return for cash.

It was originally hoped that the measure would raise at least L10,000bn (144bn), but with the watering down of the legislation, it is now reckoned that the state will be lucky to raise half that amount.

The second aim is to try to impose a little order on the situation, and to give the municipalities little excuse for continuing to deny essential services to the illegally-built zones.

The law covers any building erected illegally between 1942 and October 1983 - the date at which the first version of the law, presented as a decree, was rejected by Parliament in a humiliating setback for the newly-formed government of Mr Bettino Craxi.

That date has been retained, in the face of opposition, to exclude the many thousands of buildings run up speculatively between the failure of the decree law and the approval in March 1985 of the final law.

Every owner of an illegally-built home is expected to present a request for its existence to be condoned, together with a down payment of a third of the fine, calculated according to the size of the property and its status.

For many smaller properties the fine may be only L3m or

L4m, and in the case of poor people can be paid over a five year period. Indeed, the penalty for missing the March 31 deadline does not become steep until after the end of September, and even then late-comers have another six months to present their request.

As the law went through Parliament it was made progressively less harsh, as it was recognised that millions of people would be homeless if they had to wait for permission to build. It was also realised that there was no practical way of distinguishing between ordinary offenders and large scale speculators.

The municipalities have two years to decide whether or not to condone the offence. It is assumed that they will almost always do so, but if they do not, the building might have to be pulled down, presumably after years of litigation. A dire penalty awaits those who do not seek a pardon: without it no lawyer is authorised to enact the sale or transfer of the house to anyone else.

The authorities believe that with time still in hand for late requests, the law is taking effect. Whether it will make much difference to anything except the Government's coffers and the workload of the municipal bureaucracy remains to be seen. Censis, the Rome-based social research bureau, has estimated that to install services and schools in the illegitimately built zones could cost as much as L25,000bn, five times as much money as the law may bring in.

But the law is definitely not working in Sicily, where the extent of illegal building is

vast. Thousands of Sicilians, signed on by their parents, set up blocks on roads and railways, and thronged menacingly outside offices containing official records.

Rome refused to make major concessions, blaming the island's nearly 400 municipalities: only a quarter of which had ever completed an urban plan. The central Government did not see why it should undermine the whole concept of Italian unity by making a new law specific to Sicily. Instead it softened by decree parts of the law that particularly affected poor people.

The island's politicians have now resorted to the Sicilian regional assembly and passed a law excusing Sicilians from complying with this particularly national legislation, a move which the central government has challenged in the constitutional court. The battle is a long way from ending.

## FINANCIAL TIMES

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Garuda Indonesia

## EEC reforms 'could fragment motor market'

By PAUL CHEESRIGHT IN BRUSSELS

EUROPEAN Community reforms to speed decision-making and the development of the internal market could have the reverse effect and fragment the motor market, industry chief executives are warning the Commission and governments of the Twelve.

Their concern is prompted by the Danish refusal to adopt technical regulations to control vehicle emissions and is directed at the exceptions permitted by the text of the constitutional reform package signed by the Twelve last February.

The industry fears that there will be scope for national regulations to override Community regulations. This, it is argued, would run in the face of a decision taken in 1970 to ensure that any recourse to national technical regulations was forbidden.

Mr John Egan, chief executive of Jaguar and president of the Committee of Common Market Automobile Constructors, and Mr Hans-Erdmann Schönbach, president of the liaison committee of the EEC Automobile Industry, have set out these fears in identical letters to the presidents of all the Community institutions.

They want the Community authorities "to confirm that they will continue to pursue the policy to harmonise technical regulations for

automobiles Community-wide."

Although majority voting is expected soon to take place in the Community Council of Ministers on, for example, environmental matters, there is provision for governments to appeal to the Commission and thence to the Court of Justice for permission to carry on with specific national practices.

This leads to the general fear that such a freedom will allow trade barriers to crop up - instead of bringing them down, as is the aim.

Underlying this is the unspoken fear that Denmark will continue to hold out against the emission regulations, agreed last June, and that it will seek an exemption when, inevitably, the matter is run through the Council again on a majority vote.

Denmark yesterday became the first of the Twelve to ratify the constitutional reform package after having been the last of the Twelve to sign it in February. "We may be late starters but on the other hand we take things seriously and try to terminate our work quickly," said Mr Uffe Ellemann-Jensen, the Foreign Minister.

He urged his EEC partners to ratify quickly what is called the Single European Act, "so that we can get on with the important work of realising the internal market."

## PLO talks condemned

DUTCH Foreign Minister Mr Hans van den Broek said today he may meet Palestinian Liberation Organisation officials next week in his role as president of the European Council of Ministers.

Mr Van den Broek visits Tunis on Sunday to see Arab League chiefs as part of a Community programme of contacts with parties to the Middle East conflict.

He said he understood the PLO

was interested in such a meeting and said he would not rule it out. Israel said yesterday it would protest to the European Community about such a meeting. Mr Yitzhak Shamir, the Israeli Foreign Minister, told Mr Philipp Jenninger, the visiting chairman of the West German Bundestag, that the proposed meeting "would encourage terrorism" and harm King Hussein of Jordan.

## Danes set to dissent on US chemical arms plan

By HILARY BARNES IN COPENHAGEN

DENMARK SEEMS poised to conform to its reputation as Nato's dissenter when Nato defence ministers meet in Brussels on Thursday. There, they will be asked to endorse US plans to resume production of chemical weapons.

In the Folketing (parliament) yesterday, the non-socialist minority government went down to its 19th defeat in three years.



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Type 25, 30, 40, 50, 60, 70, 80, 90, 100, 110, 120, 130, 140, 150, 160, 170, 180, 190, 200, 210, 220, 230, 240, 250, 260, 270, 280, 290, 300, 310, 320, 330, 340, 350, 360, 370, 380, 390, 400, 410, 420, 430, 440, 450, 460, 470, 480, 490, 500, 510, 520, 530, 540, 550, 560, 570, 580, 590, 600, 610, 620, 630, 640, 650, 660, 670, 680, 690, 700, 710, 720, 730, 740, 750, 760, 770, 780, 790, 800, 810, 820, 830, 840, 850, 860, 870, 880, 890, 900, 910, 920, 930, 940, 950, 960, 970, 980, 990, 1000, 1010, 1020, 1030, 1040, 1050, 1060, 1070, 1080, 1090, 1100, 1110, 1120, 1130, 1140, 1150, 1160, 1170, 1180, 1190, 1200, 1210, 1220, 1230, 1240, 1250, 1260, 1270, 1280, 1290, 1300, 1310, 1320, 1330, 1340, 1350, 1360, 1370, 1380, 1390, 1400, 1410, 1420, 1430, 1440, 1450, 1460, 1470, 1480, 1490, 1500, 1510, 1520, 1530, 1540, 1550, 1560, 1570, 1580, 1590, 1600, 1610, 1620, 1630, 1640, 1650, 1660, 1670, 1680, 1690, 1700, 1710, 1720, 1730, 1740, 1750, 1760, 1770, 1780, 1790, 1800, 1810, 1820, 1830, 1840, 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## OVERSEAS NEWS

## Sri Lanka calls off offensive on Tamil areas

BY MERYN DE SILVA IN COLOMBO AND JOHN ELLIOTT IN MADRAS

SRI LANKAN military officials said yesterday that the army's offensive against Tamil strongholds in the northern peninsula had been temporarily abandoned after four days of fierce fighting.

The officials admitted that the army had suffered a "setback" in its efforts to clear a 45-mile stretch from the Elephant Pass, the entry point to the peninsula and Jaffna City.

Later in the day, Mr. Lalith Athulathudeni, the National Security Minister, said the "self defence" operations would continue. He said he hoped the fighting had taught the rebels that they "cannot run Jaffna the way they want."

Tamil leaders in the southern Indian city of Madras said the Tamil had been successful in driving the Government troops back to their base where they have lived for months without venturing out on patrol.

They claimed the attack had involved heavy bombing and civilian casualties, a claim denied by Sri Lankan officials.

The Sri Lankan attacks are likely to set back efforts being made by India to find a settlement to the running ethnic crisis of the island's minority Tamil community.

Tamil extremist leaders based in the southern Indian city of Madras yesterday said they intended to take a hard line against peace proposals put forward by the Sri Lankan Government.

The extremists expect to receive more support for their

line from India following Monday's attacks on Jaffna which the Indian Government condemned in a toughly worded statement on Monday night.

The military operations had "frustrated" peace efforts, said the statement, which criticised "indiscriminate serial bombings and strafing of Jaffna city."

Indian diplomats in New Delhi said privately that they suspect President Junius Jayawardene of Sri Lanka has only been co-siding with recent peace initiatives with India in order to buy time while he prepared for this week's military operations.

They say he also wanted to impress Western Governments, which meet next month to decide on their annual aid allocations to the island whose economy is being hit by the crisis. These countries have been calling for a peaceful settlement.

India believes President Jayawardene is hoping international opinion will support his military initiatives because of two extremist bombs which blew up an airliner and a telegraph office in Colombo recently.

"The Jayawardene Government will soon realise that it is going to be very difficult for them to wipe out our guerrillas on the peninsula unless they are prepared for protracted warfare to last years," Mr. A. S. Balasingham, spokesman of the main Tamil Tigers extremist group said in Madras yesterday. "It is our territory, and we will hold on to it."

## Israeli defence forces criticised for failures

BY ANDREW WHITLEY IN TEL AVIV

A FURIOUS row has erupted in Israel over a highly critical internal report on the state of the once much-vaunted Israeli Defence Forces, the IDF.

Drawn up by a former high flyer in the IDF's long-term planning department, leaked extracts paint a grim picture of a swollen military infrastructure, cover-ups of previous combat failures by the high command and—most alarming of all for Israelis—a serious erosion in the IDF's attack and defence capabilities.

What has added further fuel to a furor which has shocked the country, is the claim by Col Emmanuel Wald, the report's

author, that the IDF general headquarters went out of its way to suppress all discussion on his findings and conclusions.

Speaking before the Foreign Affairs and Defence Committee of the Knesset, Israel's parliament, yesterday, Mr. Yitzhak Rabin, the Defence Minister, said the published selections from the Wald report gave a distorted picture of the army's ability and performance.

Among the main conclusions are that the IDF has not drawn the appropriate lessons from the three wars it has fought since 1967, up to and including the three-year invasion and occupation of Lebanon.

## 16 die in S. African squatter camp battles

By Anthony Robinson in Johannesburg

AT LEAST 16 people have died and upwards of 10,000 left homeless after two days of gunfights and pitched battles between rival squatter organisations in the sprawling Crossroads squatter camp about 12½ miles (20 kms) from Cape Town.

A large group of over 300 homeless women, many carrying babies assembled outside parliament to call on the Government for food and shelter. They dispersed peacefully after police assured them that their appeal would be carried to the relevant ministers.

The Rev David Russell, a local white clergyman, also led a peace march to the area to seek an end to the fighting which broke out over the weekend between older established residents and younger "comrades".

The squatter camp, a maze of close-packed tin and cardboard shanties, was originally scheduled for demolition by the authorities. But the township was revived last year and the Government announced plans to upgrade facilities.

It offered many squatters new site and service facilities where they could build their makeshift homes at Khayelitsha, a new housing and squatter camp complex on the Cape.

Since then Crossroads and other squatter camps in the vicinity have been swollen by waves of fresh immigration from the Ciskei and Transkei homelands. Overcrowding and mass unemployment has exacerbated political and social tensions leading to the current outbreak of fighting between the "fathers" old established residents, and young militants calling themselves "comrades".

Both factions are armed to the teeth with a wide variety of weapons ranging from Soviet made AK 47 assault rifles to home-made pangas, knives and clubs. Fighting continued yesterday over a wasteland of burnt out shacks and thousands of homeless sought emergency relief.

Police and army units in armoured cars patrolled the area yesterday and fired tear gas to try to separate the factions. Eyewitness reports said that the police had earlier stood by passively and even encouraged the "fathers" in their fight against the "comrades" were denied by police who said they were doing all in their power to separate the two sides and end the fighting.

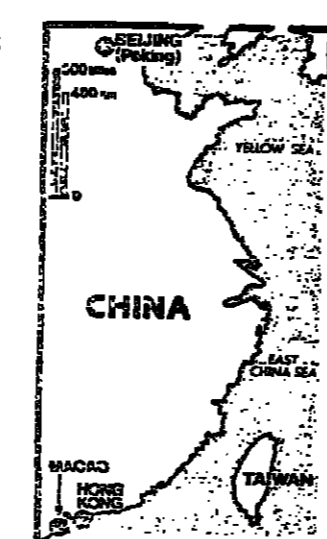
Bob King examines the background to the Taiwan-China talks  
Why Taipei must tread cautiously

TAIWAN'S nationalist government has taken most people by surprise over the past two weeks by a series of concessions made both to its local opposition and, more dramatically, to the nationalists' old enemy, the Communist Government in Peking, with whom Taipei has vowed never to compromise or negotiate.

The question in most minds, though, is why Taipei suddenly modified its obdurate stance toward the mainland Chinese and grew more reasonable almost overnight. Only President Chiang Ching-kuo, the ailing 75-year-old son of the late Generalissimo Chiang Kai-shek, has the full answer, for it is clear that the decision to negotiate last week for the return of an aircraft flown to China by a defector emanated from the very top.

Knowledgeable observers reason that opinion, both within the Government and without, would not tolerate leaving two crewmen of the diverted China Airlines cargo jet in communist hands. Others believe that the Government simply seized the opportunity to open a dialogue with China, without appearing to divert from its national policy.

The nationalist government fled from China in 1949 after a disastrous four-year civil war with the communists under Mao Tse-tung. On Taiwan (then known as Formosa), the nationalists maintained the martial law they had proclaimed in 1949, which virtually assured them of political dominance. Native Taiwanese, who comprise an estimated 85 per cent of the population, were advised to steer clear of politics and concentrate on business instead.



Thus entrenched, the nationalists built a mini-China on the 356-mile-long island. Let anyone forget their vow to "liberate" it from the communists, they renamed major streets in Taipei to commemorate places in China and nationalist heroes such as Chiang Kai-shek. The renamed streets even correspond roughly to the relative locations of their namesakes in China.

Behind all this, lies an obsessive paranoia over the twin possibilities that native Taiwanese might one day assert themselves, and that the communist rulers of the mainland might find ways to transfer their ideology to the local population with the same disastrous results that occurred in 1949. Thus, the Government remains obsessed with control locally, and refuses to have any dealings with the Government

The Chinese Government announced yesterday that formal talks on China's resumption of control over Macao, the Portuguese administered territory off the south coast, will begin in the last week of June, Robert Thomson in Peking writes.

The talks in Peking between Chinese and Portuguese officials will attempt to settle an agreement for the hand over of the territory, which Portugal has ruled for 450 years.

China's team will be headed by Mr. Zhou Nan, vice foreign minister, who led the negotiations with Britain over Hong Kong. The Portuguese side will be headed by Mr. Rui Barbosa Medina, their UN ambassador.

in Peking, which Taipei in its official pronouncements calls "usurpers and bandits."

So, why did Chiang Ching-kuo change his mind? Why did he authorize discussions earlier this month with the opposition, which could result in the formation of an organised opposition?

Further, why did he give the go-ahead to discussions between Taiwan's flag-carrier, China Airlines (CAL), and the Civil Aviation Authority of China (CAAC), over the cargo jet?

Despite verbal mumbo-jumbo that the talks were between private companies and did not violate Taiwan's official policy of no contacts with Peking, CAL's willingness to talk, and the agreement the two sides hammered out over three days of discussions to return the crew and aircraft by the weekend — indicate that the cold war between the mainland

and Taiwan could be ending.

Most observers agree that the establishment of both a "loyal opposition" and a realistic relationship with China are inevitable given the President's avowed commitment to political liberalisation. "Chiang Ching-kuo is basically open-minded, although he's surrounded by conservatives," says one political analyst.

Although the trend toward liberalisation on the domestic front will continue, Government spokesmen this week were careful to point out that the talks between Taiwanese and Chinese aviation officials represented an isolated incident undertaken for humanitarian reasons and not a change in policy. Indeed, the Government fears stirring up both arch-conservatives at home and abroad—the former on ideological grounds, the latter because they might interpret any such dialogue as the beginning of a nationalist sell-out of Taiwan.

The major question in Taiwan now is with the more open climate comes. Both the renewed dialogue with the opposition and the Government's handling of the CAL incident were favourably received by the public, and younger, more progressive academics and businessmen perceived the non-official-but-substantive talks with China as an example of how Taiwan might rejoin international organisations.

Some fear, though, that the return of the two CAL crewmen to Taiwan will be followed by another slamming of the door and a reaffirmation of the "three no's": no contacts, no negotiations, no compromise with the communists.

## Nakasone angles for an election

BY JUREK MARTIN IN TOKYO

JAPAN may still yet hold a general election within the next six weeks, if Mr. Yasuhiro Nakasone, the Prime Minister, gets his way.

His latest ploy is apparently to try to reconvene parliament into special extraordinary session as soon as his current term ends later this week.

It will debate the state of the economy and any special measures required to offset the adverse consequences of the apparent recession. The Prime Minister's real purpose, however, would be to exercise his prerogative of dissolving the Lower House for an election.

Rarely has the often opaque Japanese political scene proved so impenetrable as at present. Mr. Nakasone, his rivals inside

his own Liberal Democratic Party, and the opposition are all alive with plots and counterplots.

Mr. Nakasone is to meet separately today with the leaders of all the opposition parties except the Communists to discuss an extraordinary session.

They had endorsed the mediation on electoral reapportionment simply because it laid down a timetable that appeared to rule out a double election (of both houses of the Diet) on June 22, the preferred date. A poll could be held, however, on July 8.

The LDP itself is divided innumerable ways on Mr. Nakasone's plan. A pivotal role is being played by Mr. Shin

Kanemaru, the party's secretary-general, who, though not a particular supporter of the Prime Minister, has insisted that Mr. Nakasone has the right to dissolve parliament.

This may reflect the fact that Mr. Kanemaru is a member of that Tanaka faction, the LDP's biggest and best organised, which always likes to fight elections. But Mr. Kanemaru's protégé inside the faction, Mr. Noboru Takeshita, the Finance Minister, seems nervous about going to the country with the yen at its present levels. Equally equivocal is Mr. Shiroto Abe, the Foreign Minister.

Mr. Kiuchi Miyazawa, third of the "new leaders," appears to be against a double election,

## Cameroon seeks loans after fall in oil revenues

By Peter Blackburn, recently in Yaounde

CAMEROON is to pursue a more dynamic external borrowing policy in order to maintain economic growth despite a sharp fall in oil revenues, according to Mr. Edouard Koulla, the Finance Minister.

Cameroon, unusual for African countries, has maintained rapid real growth averaging 7 per cent and balance of payments surpluses in recent years.

Outstanding public external debt totals \$1.8bn and represents only 13 per cent of exports in fiscal 1985, according to World Bank estimates.

## Student suicide sparks riots in Seoul

By Steven A. Butler in Seoul

A SOUTH KOREAN student yesterday committed suicide after by setting fire to himself and jumping from a two-storey building at Seoul university shouting slogans against "the imperialism."

The suicide sparked a battle between thousands of students and riot police with stones and petrol bombs. The students were conducting a memorial for the Kwangju massacre of May 1980.

Although student clashes with police have been a regular feature of Korean life for many years, student demonstrations have grown progressively more violent. For the first time a radical student movement, tinged with Marxist ideology, has established a firm foothold on Korean campuses.

Attacks on the US have also become increasingly prominent and for the first time extremists are calling for a withdrawal of US troops from Korea. Students and the more moderate opposition were recently angered by remarks of Mr. George Shultz, the US Secretary of State, which strongly backed the Government of Mr. Chun Doo-hwan, the South Korean President.

The students have since turned some of their wrath against the opposition New Korea Democratic Party as well. Students say that the party is preparing to strike a compromise deal with the Government that would allow the military to continue strong influence over politics.

The student's self-immolation follows a similar incident at the end of last month near the university, in which two students doused themselves with petrol and set themselves alight. One of those students died a week later.

## Bangladesh result

Bangladesh's pro-government Jatiya Party yesterday won an absolute majority in protracted parliamentary elections marked by violence and charges of widespread fraud, Reuter reports from Dhaka.

The Election Commission said Jatiya had won 152 seats out of 299 contested. The opposition is party alliance took 86, of which the main Awami League Party had 75.

Although Jatiya has won the poll, it was left far short of the two-thirds majority required to endorse the past four years of military rule by President Hossein Mohammad Ershad or change the constitution.

## WORLD TRADE NEWS

Oil price fall has created difficulties for Helsinki, Olli Virtanen reports

## Clouds over Finnish trade with Moscow

THE SHARP decline in oil prices, a blessing to most economies, has cast more clouds over Finland's trade with the Soviet Union than any event since the Second World War.

The oil price fall could result in the value of Finland's imports from her neighbour declining by as much as a third, both this year and in 1987, and inflict a serious blow to Finnish exports.

Adding insult to an injury the Soviets have begun to drive very hard bargains and are now publicly proclaiming that Finnish goods are too expensive.

The heavy days, in which Finnish companies were cushioned against recession because of lucrative contracts with Moscow, are now a thing of the past.

The problem is simple. The barter trade agreement between the two countries stipulates that imports will be paid for by an equal value of exports. All goods are priced at market value and the payments are dealt with through a special clearing account at the Bank of Finland which pays Finnish exporters in markkas.

Since 80 per cent of Finland's imports from the Soviet Union comprise oil, falling prices have resulted in a decline in the value of imports and consequently, in the long run, will reduce Finland's exports. When the trade agreement was negotiated for this year the price of a barrel of oil stood at \$28—now it is around \$15.

Total trade between the two countries is planned to be \$7.2bn this year. Now the Soviet exports to Finland may drop by as much as \$1.1bn.

Helsinki and Moscow have sought urgently to prevent the threatened decline in trade. But Finland is finding it difficult to find new imports from the Soviet Union. As one Finnish observer recently put it, the gap equals 200,000 Lada's cars in Finland would buy the cars?

Nevertheless the two countries are negotiating on \$270m worth of additional imports from the Soviet Union. At the same time the Soviets have indicated that they are prepared to restrict Finnish imports by about \$200m this year, although there is no official word on that yet.

Nevertheless optimism on both sides still feels optimistic that the gap will narrow considerably before the end of this year.

Another idea being widely discussed is that of more compensation deals in which the Finns would build factories in the Soviet Union and the Soviets would pay for them with products from the plant.

The stumbling-block here is the rate of interest paid while the factory is being built. Moscow does not recognise market rates.

Interest rates also become a problem with the clearing account. Its credit limit for either side is about \$400m which means that either is allowed to run a surplus of that size, although no interest is paid on it.

But now Finland may find its surplus rising to three times the size and it will still receive no interest.

Finnish officials will take up the matter in mid-June when the Soviet Foreign Trade Minister Boris Arstov makes an official visit to Helsinki. The last time Finland ran a large excess surplus Moscow paid interest of 6 per cent, a level far below the market interest rate at the time.

Now, partly as result of Finland's surplus, Moscow has begun to say Finnish goods are too expensive, and to complain particularly about the price of Finnish vessels, an important part of the barter trade.

The Soviet commercial councillor in Helsinki recently signed a contract with the province of Ontario, where half the country's manufacturing industry is located, and from trade unions.

Their main concern is that Canadian industries will be swamped by bigger, lower cost US producers, and that US investors will concentrate production south of the border.

Mr. Reisman has tried to allay these fears

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## Tennis shoes for China: a different ball-game

By Colina MacDougall

"THE CHINESE have different attitudes from us," said Mr. David Chang, vice president of the US shoe equipment producer Nike and responsible for the company's joint ventures in China.

"We had problems producing a pure white tennis shoe in Tianjin, a coal burning city in the north where everything is covered with soot. The Chinese couldn't get the white, but a black speck on the upper or a grey smudge on the sole ruined the shoe."

"The soles will get dirty anyway," they commented. Finally, the Chinese manager of the joint venture factory said: "Why don't you just specify grey shoes?"

Nike's adventures are related in a video and handbook pack, explaining business differences between China and the West, and launched in London yesterday by Hwa-ming Communications, co-producers of the Heart of the Dragon, the TV series on China.

Mr. David Chang, the American Chinese responsible for Nike's China operations, left Shanghai when he was 12 and now cheerfully refers to himself as a "round-eye."

While the video package is optimistic about the long-term benefits of trading with China, it also warns about the problems.

"The Chinese have different ethics from us," Mr. Chang said. "They used reject Nike patents for export to South-East Asia and couldn't understand why we were upset. They thought it was more honourable to destroy the soles."

"We were over-ambitious," said Mr. Chang. Starting in China in 1981, Nike's target was to make 25 per cent of global output in China by 1985. It's still only 5 per cent.

"We don't want joint equity ventures now we prefer co-production agreements," Mr. Alan Carnahan, commercial director of Roca Dora of the UK, says on the same video.

## Bangkok in lease purchase plan for Singapore buses

THE Bangkok Mass Transit Authority of Thailand (BMTA), plans to buy 500 buses from Motor and Leasing of Singapore under a Bhat 500m (\$12.5m) lease-purchase agreement, Mr. Pichate Sathirachawan BMTA managing director said yesterday. Reuter reports from Bangkok. Leyland Bus Consortium of the UK is competing for the contract.

The agreement, over seven years, is subject to Thai Government approval in June and provides that portions of lease payments be used towards the purchase of the leased vehicles.

BMTA has no concluded negotiations with Motor and Leasing over its proposals for a bus service modernisation project worth an estimated

bhat 6bn, he added. The modernisation project includes construction of bus depots and workshops, and the supply of management and technical services, Mr. Pichate said.

He added that BMTA rejected a \$44m proposal by the Leyland Bus Consortium, a unit of Britain's BL, to modernise the capital's bus service because, he claimed, Leyland wanted the plan to be supported by the Thai government.

Leyland Bus, however, said yesterday it was still talking to the BMTA.

The government earlier rejected a \$335m plan by Leyland to equip and modernise BMTA due to costs involved.

Handwritten text in Arabic script: "مكتبة جامعة القاهرة"

## AMERICAN NEWS

Mary Helen Spooner looks at obstacles to civilian rule

## Pinochet's Chile split over reform

OVER 100 parliamentarians from Latin America and Europe gathered in this week for a conference on democracy in Chile.

The purpose of the meeting, sponsored by Chilean opposition leaders, was to discuss the country's eventual transition from military to civilian rule.

Chilean authorities permitted the conference to take place, but despatched riot police to cordon off the streets surrounding the hotel, located in the city centre. While motorists formed a mid-morning traffic jam, police turned away all vehicles and allowed only pedestrians bearing official invitations to approach the hotel. The area was to remain blockaded for the duration of the conference.

The peculiar blend of tolerance and heavy-handedness illustrates the recent divisions within General Augusto Pinochet's 12-year-old regime. One faction, headed by Interior Minister Ricardo Garcia, wants

to see the government take a more moderate approach, opening the way for modifications in the country's authoritarian constitution and allowing free elections in 1989, the year General Pinochet's term in office ends.

Another faction, represented by army officers and several hard line cabinet officials, is vigorously opposed to any such changes.

Last month, following a rash of bombings and shootings which left one policeman dead and four army officers wounded, Gen Pinochet proposed reorganising the state of siege which had been lifted since the middle of last year.

The proposal was rejected by the commanders of Chile's navy, air force and police, who, along with the army's vice-commander form the military junta which acts as a legislative body to Gen Pinochet's executive office. As a compromise, the commanders agreed to a series of military and police raids on poor and working class neighbourhoods. Troops in combat fatigues,

One faction wants a more moderate approach opening the way for modifications in the country's authoritarian constitution and free elections in 1989. The other is vigorously opposed to such changes.

Cabinet's hardliners) denied that the prelate had ever made such a request, saying that he had only expressed concern for the manner in which the raids were undertaken.

The regime's more moderate faction has been aided in part by the continuing failure of opposition political leaders to agree on common goals and tactics.

At a recent conference on transitions to democracy held in Caracas, Venezuela, the Chilean delegation included representatives of no less than three wings of the country's Socialist Party, another four groups, plus various centrist political groups. If the Pinochet regime's strategy has been to allow opposition groups just enough freedom to divide into various fragmented units, the plan would seem to have worked.

On the other hand, this tolerance could end abruptly if a new opposition group, consisting of labour, business, professional and other special interest organisations continue a campaign begun last month. The group, calling itself the National Civic Assembly, met in a Catholic church refuge outside Santiago and issued a seven-point list of political and economic reforms.

The assembly's roughly two

civilian detectives, riot police and agents of the Central Nacional de Informaciones (CNI), the widely feared secret police intelligence unit, have staged joint operations in nearly three dozen low income residential sections of Santiago, rounding up thousands of people, mostly men and teenage boys, for identity checks.

According to the Chilean Human Rights Commission, over 15,000 people have been arrested in these sweeps.

The country's restricted newspapers and television news have reported only partially on the raids, referring to them as "military operations" or "revisions." When Santiago's archbishop Cardinal Juan Fresno asked the authorities to put a stop to the raids, a Government spokesman (and one of the



Riot police seal off a street in Santiago

hundred delegates announced they would begin a series of protests, which could include a general strike, if their demands were not met within a thirty-day period ending this month.

Its member organisations include influential, and potentially powerful groups such as Chile's lorry drivers, doctors and retail merchants, and could conceivably put together better-organised protest than opposition politicians have been able to do.

"A prolonged national strike is a legitimate alternative which social organisations have," Mr Hector Moya, president of the Santiago Truckers' Federation, said. "We think there are sectors which have been so beaten down during the twelve years of this government who naturally will take immediate part in a strike."

Nevertheless, opposition groups in the past have attempted to mount a general strike—and failed. In mid-1980 three copper mine workers unions, truckers, and other trade unions announced an indefinite strike, which was only partially heeded.

In October 1984 leftist political and labour groups called for a one-day general strike, which was ignored by most workers but which did succeed in disrupting activity in much of the capital.

The protest momentum was lost when a few weeks later Gen Pinochet ordered a state of siege, a measure he may be able to convince other military commanders as necessary if the National Civic Assembly or other opposition groups manage to organise another anti-government strike.

## Baker makes urgent plea on US foreign aid budget

BY STEWART FLEMING IN WASHINGTON

US TREASURY SECRETARY Mr James Baker yesterday issued an urgent plea to Congress to approve a foreign aid budget large enough to permit the US to meet its obligations to help finance multilateral development agencies, such as the International Development Association (IDA).

Influential Congressmen have warned that they will propose sharp cut-backs in foreign aid in the face of the Reagan Administration's determination to trim back government spending for domestic programmes to cut the federal budget deficit.

However, Mr Baker said that the multilateral development banks (MDBs) were part of America's international economic strategy.

"I strongly believe that if we do not support the MDBs now we may have to resort to more costly measures later," he told the Senate Foreign Relations Committee.

Mr Baker said in conducting negotiations for replenishments of MDB finances the Administration has assumed that it would have up to \$1.4bn of budget authority available as requested in the President's budget.

He maintained that the US

has been successful in negotiating a four year \$3.8bn replenishment of the Asian Development Fund, for which the US share is \$146m a year.

He said that the Administration was prepared to support a \$10.5bn-\$12bn IDA refunding. US officials have said that Washington is pressing for increased interest rates on IDA loans of about 4 per cent and shorter loan lives of about 20 years, compared with 50 years at present.

Mr Baker made clear that because of difficulties the US is encountering in securing reforms in the way the Inter-American Development Bank (IADB) commits funds, its role in the debt initiative which was launched last year is still in doubt.

In October last year Mr Baker called for the MDB's in particular the World Bank, to play a bigger role in helping to ease the Third World debt crisis.

He pointed out yesterday that the MDB's "are the most cost effective from a US budgetary perspective. One dollar of budget authority for the World Bank translates into \$60 of lending authority" he added.

## Fed moves to bolster US thrift industry

BY PAUL TAYLOR IN NEW YORK

THE US Federal Reserve Board has proposed lifting restrictions between bank holding companies and their savings and loan (S and L) subsidiaries.

The move is seen as an attempt to facilitate the acquisition of troubled S and L's banking groups and thereby bolstering the troubled US thrift industry.

The Fed's proposals come in direct response to a request by Citicorp, the New York-based banking group, which has acquired three failed S and L's since 1982—one in California, one in Illinois, and one in Florida. However, it has been required to operate the units as stand-alone subsidiaries under current banking rules.

The existing rules, which require strict separation between banking S and L subsidiary operations, were designed to prevent banking groups from unfair competitive advantage over locally owned independent S and L's. Citicorp has asked the Fed to allow it to market banking products and services through its S and L's, and the Fed's proposals, which are now sub-

ject to public comment, would permit joint marketing and advertising of such products and services.

The Fed's proposals come at a time when bank regulators are also urging Congress to pass legislation which would permit easier out-of-state acquisition of troubled commercial banks by stronger institutions.

The proposals, made in response to the problems of mid-American energy and agricultural banks, are likely to rekindle controversy in the banking and thrift industry.

The US thrift industry still faces serious problems with hundreds of S and L's struggling to avoid insolvency. The Fed's proposals are likely to be opposed by the savings institutions which argue that the traditional barriers between bank holding companies and thrifts should remain in place, but win support from the big banks and the American Bankers Association which has already endorsed them as a "positive development."

The Fed has asked for public comments on its proposals by June 27.

## SEC moves to widen case against Levine

By Terry Dowdworth in New York

THE Securities and Exchange Commission (SEC) has widened its investigation in the insider trading case against Mr Dennis Levine, the leading Wall Street investment banker, in an attempt to build a stronger prosecution case in advance of court hearings tomorrow.

In a series of new initiatives, the SEC has subpoenaed Mr Levine's father and brother in an apparent attempt to establish whether he passed information on to close family members. It has also subpoenaed documents at his bank and in companies where he worked, while presenting a new list of company names to his former employees to try and establish any links he may have had with dealing in their shares.

Wall Street lawyers say that the SEC, the watchdog for the US securities industry, is aiming to establish the strongest possible case against Levine into his attempt to transfer \$10m to an account beyond the reach of the US courts.

The SEC claims that these funds are part of \$12.6m which Mr Levine gained from trading on information not generally available to the public, and gained a temporary restraining order on the bank account last week. If it manages to win its insider trading action against Mr Levine, these funds would normally be confiscated.

Some lawyers contend that the SEC's search for additional documentary evidence against Mr Levine indicates that the commission does not have a cast-iron case against him. Others believe it is designed to put him under pressure to reveal how he obtained his information, and force him to co-operate

## Plan to lay off white teachers rejected

By Nancy Dunne in Washington

US CIVIL rights groups have lost the first skirmish of the Supreme Court's season, but may be on their way to winning renewed court backing for plans to remedy past racial discrimination in jobs through "affirmative action" programmes.

In a ruling on Monday, a court rejected a Jackson, Michigan school board's plan for laying off white teachers before black teachers in an effort to preserve minority gains. Five of the nine justices ruled the plan unconstitutional, but the court revealed a striking lack of unanimity by issuing five separate opinions, two of which were joined by more than three justices.

The majority agreed that the rights of white teachers had been violated by a plan which had not been ordered by any court. There was no proof, the court said, that the school board had ever discriminated against minorities.

They spurned the argument that the school board was redressing past societal discrimination and said the idea of hiring black teachers to provide "role models" for black students could not justify discrimination in lay-offs.

The court's decision was acting in the first of three major affirmative action cases scheduled for this term, appeared to agree, however, on the desirability of positive discrimination plans to remedy past hiring discrimination and to reject the Reagan Administration argument that such plans should benefit only specific victims—an argument which threatens most large-scale affirmative action schemes.

## Dubinin for Washington

THE Soviet Union yesterday named Mr Yuri Dubinin, a veteran diplomat who was appointed Soviet ambassador to the United Nations just two months ago, as its new ambassador in Washington. AP reports from Moscow.

Mr Dubinin, who served seven years as ambassador in Madrid, replaces Mr Anatoly Dobrynin, who returned to Moscow after 24 years in Washington. Mr Dobrynin has become one of the influential secretaries of the Communist Party central committee.

The announcement of Mr Dubinin's appointment on the official news agency Tass did

not say who would take his place at the UN in New York. Born in 1930 and a career diplomat since 1955, Mr Dubinin left Madrid, in February after serving as ambassador to Spain since October 1978.

He is a noted Hispanic specialist, having served previously as head of the Southern European office of the Soviet Foreign Ministry, and was counsellor at the Soviet Embassy in Paris from 1964 to 1968. Spanish diplomatic sources said while Mr Dubinin was in Madrid he was very close to Mr Andrei Gromyko, former Soviet Foreign Minister, who became President last July, and once served as his interpreter.

## INSIGHT INTO CORPORATE STRATEGY

## KONISHIROKU (KONICA): Researching the Future

Konishiroku (known abroad as Konica) has been exploring the field of information imaging for over a century. Best known as the maker of Konica (Sakura) film, this company features a whole line of industrial and consumer products which include photosensitive materials, cameras, medical equipment, magnetic products, copiers and printing systems. In fact, Konishiroku produced Japan's first plain paper copier (U-BIX) and sensitised materials and leads the pack in the manufacture of cameras.

The company's commitment to research has paid off in the form of such eye-catching technology as a colour copier, a new blood analyser, a still video system and KFDR (Konica Film Digital Radiography System), the latter of which is an image processing system which enhances X-ray film imaged for final diagnosis.

Consolidated net sales for the fiscal year ended April 20, 1985 reached ¥353.5 billion, up 5.7 per cent over the previous fiscal year. Research and development allotments at Konishiroku have also been expanded in order to come up with even more new lines. Company executives are certain the company's future lies in improving research.

By Glenn Davis



Mr. Megumi Ide  
President  
Konishiroku Photo Ind. Co., Ltd.

## Appreciating Yen

Davis: The continuing appreciation of the yen on world markets must be having some effect on your company's international operations. Could you explain what these effects are and how future operations will be affected?

Ide: Like all other Japanese companies, Konica (Konishiroku) believes the high-priced yen will continue hurting our sales. Raising prices is a fairly easy thing to do but the problem lies in the reduction of competitiveness.

The more expensive yen makes it easier for us to raise funds abroad but those go for the construction of plants overseas. Investment overseas will naturally become a larger part of our portfolio from now on.

Davis: One of the future directions of Japan will be in the area of technology export. I believe that your company is already involved in such countries as China. Can you give other examples of such export?

Ide: Yes, I believe we are headed in the direction of technology export. Up until about 10 years ago, we paid out quite a bit in terms of royalties and patents but now our return is considerable. We have exported camera and copier technology to China and we maintain technological tieups with such companies as Ciba Geigy of Switzerland and BASF of West Germany.

Davis: It is generally true that Japanese companies spend smaller amounts on R&D compared to total sales than most Western companies. How much does your company spend?

Ide: Previously, our R&D costs were relatively low. This was mainly because we imported technology and that expense was not included in our R&D cost. Since we now are developing our own technology and not importing it, our R&D outlays have increased accordingly.

In the fiscal year ended April 20, 1986, we paid out a total of nearly ¥18 billion from a total sales of more than ¥300 billion, which figures out to about six per cent. We used to spend 3-4 per cent of total sales but for the past two to three years the figure has been around six per cent. This is

a tough percentage for management to accept but I believe these efforts will bear fruit within the next few years.

Davis: One of your biggest sellers are business machines such as the U-BIX copier series. There is the danger that the current copier concept may soon be replaced by such machines as computer scanners and the like. Are you working on some future concept for the office copier?

## Enter The Colour Copier

Ide: We have diversified our lines into sensitised materials, copiers, cameras, audio/video tapes and others. This diversification continues but we are unique in that our company's lines include fine chemicals, optoelectronics and electronic products. This wide range gives us a greater flexibility to produce entirely new products. One promising new field for us is plastic lenses that we have developed from our own technologies. For example, we are supplying such companies as Sony and JVC with aspherical lenses for use in their compact disk players, and our market share is very large. These lenses are not only compact but light and price competitive as well so an entirely new market is emerging around them.

Our most exciting new product is the colour copier, capable of producing very high-quality duplications. It took us one year of hard research to come up with this product, a hybrid crossover between copier and photographic technologies. Colour copiers are very handy for producing additional copies when colour materials must be produced in batches. The day will come when one may go to a copy shop with a colour print and ask for 100 copies within one hour. In February of this year we unveiled

our new colour video printer at the Las Vegas PMA (Photo Marketing Association) Show. This unit may soon become a standard part of colour TVs which would allow viewers to make hard colour copies of the screen at any time.

Davis: Your company is also quite advanced in medical technology. Can you give a few examples and explain how active you are in this field overseas?

Ide: We unveiled our Konica New Hiorho Film Type MG-MGH line of advanced X-ray films at the Radiological Society of North America meeting in November 1984. The experts there were surprised at the clarity of the films we provided. We are now working on developing an image processing system for medical use which employs high-level electronics technology. Some of the advantages of this new system are that a great amount of data can be input and that images can be sent over communication lines, allowing medical experts a networking capability. It should be ready for marketing by the end of this year or the beginning of the next.

Another exciting product is our automatic blood analysis system which requires only a small drop of blood to make multiple diagnoses in a very short time. This unit is very small, inexpensive and compact so is very useful for small clinics that cannot spare extra room for such large machinery as is normally required.

## Konica In Europe

Davis: Konishiroku has several plants operating in Europe. Could you touch on the extent of your European network?

Ide: We are carrying out joint colour photographic paper production at the Ciba Geigy Plant in Switzerland. Our

previous tactic of exporting such colour paper from Japan was found to be impractical because of the long distance involved. A more effective approach is to manufacture near our user markets. Trade friction occurs in various market segments but it is largely unrelated to the larger problem of setting up factories closer to users in order to provide better services.

Davis: I know that your company sponsors various events that feature Japanese culture and sports events throughout the world. Is this one of your corporate strategies?

Ide: Our overseas PR events are handled by our subsidiaries in those countries. One example will be the two-week Kabuki tour to Paris in June. Tokyo and Paris are sister cities and it is Tokyo's turn for an annual event so we will send a Kabuki group of 60 persons to Paris called "Kabuki in Paris by Konica".

In California, we will sponsor the San Jose Classic golf tournament for ladies. Other events include gymnastics in Spain and soccer in Italy. We think that Konica has an appeal to the younger generations (as well as the older) in that we sponsor various sporting events around the world.

Davis: Please give us your own ideas on effective management philosophies.

Ide: We must make the transition from a company that simply provides products to one that offers technology and services. Producing systems with our own know-how, this company must develop unique systems that can stand alone and thereby create entirely new markets. We must continue to protect our four main pillars: photosensitive materials, office equipment/copy machines, cameras and magnetic products. Cameras are not expected to show dramatic future growth but they are an integral part of our business expansion.

We cannot afford the luxury of a me-too approach to the development of technology. Entire new avenues must be investigated to produce leading technology which in turn produces new hybrid products. This is a risky road to take but we must brave these dangers in order to provide the keys to our own future.

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## UK NEWS

## Jail peace formula questioned by staff

By Mani Deb

PRISON officers expressed doubts yesterday about accepting a peace formula offered by the Home Office to settle the dispute over changes in manning levels.

The delegates at the annual conference of the Prison Officers' Association (POA) heard that the picture was still confused over the right to "negotiate" any changes in work practices.

A letter from Sir Brian Cubbon, Home Office Permanent Under-Secretary, on May 13 had set out a dispute procedure which the POA executive regarded as a major concession. However, Mr Gordon Lakes, deputy director general of the Prison Department, sent a telex to the prison governors the same day saying that "no concessions" had been made to the union on this issue.

Delegates questioned whether there was a basis for settlement in view of this contradiction.

"Who was telling the truth - Cubbon, the national executive, or the Prison Department?" asked one delegate.

This theme was repeated by a majority of the 28 speakers who took part in an emergency debate on the prison dispute which in April erupted into violence and vandalism by prisoners, soon after the POA imposed an overtime ban.

The conference was told by Mr Alan Taylor, vice chairman of the union, that the Cubbon letter offered the best form of words for a procedure to settle the dispute. He dismissed the Lakes telex to the governors as "a public posuring" of a management that had been defeated.

The delegates were asked to consider a form of ballot agreed by the POA and the Prison Department that would decide the end of the action.

It said that "pending the possible introduction of a national disputes procedure, when governors and local branches seek to alter existing agreements, they should first give 14 days' notice of their intention to allow for discussions of the proposed changes."

"If there is no agreement, either side could seek the introduction of a higher level (regional or national executive member). The aim of both sides is to see local disputes settled at local level."

## Miners' union again fails to end receivership

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE NATIONAL Union of Mineworkers (NUM) has once again failed to rid itself of the receivership that has deprived it of control of its funds for nearly 18 months.

A High Court judge yesterday adjourned until next month the union's application to end the receivership of the receiver, Mr Michael Arnold, of City chartered accountants Arthur Young.

Mr Justice May, Davies said that he was satisfied that the NUM's property would be in safe and capable hands if put under the control of the union's new trustees - two Labour MPs, Mr Alex Eadie and Mr Mick Welsh, and Mr John Cummings, leader of the Easington (County Durham) council.

The judge said, however, that an obstacle to the ending of the receivership was a breach of trust action brought by Mr Arnold against a number of banks and NUM officials. The action concerns the transfer abroad of NUM funds shortly before the pit strike began in March 1984.

It was plainly desirable that that action - which this week had yielded £200,000 through a settlement with one of the banks - should be continued. Although the new trustees were willing to take over the action, the judge thought the prospects of success would be better if Mr Arnold continued the litigation.

The judge adjourned the hearing for counsel to see if it was technically possible to split the receivership - leaving Mr Arnold in charge of the breach of trust action and cer-

tain other outstanding matters while giving the trustees control of the union's property.

"This is a possibility that appeals to me," the judge said.

His decision means that the receivership will remain in force until at least early next month, because the High Court vacation starts at the end of this week. Mr Arnold at present controls about £2m of the NUM's funds.

The judge had been told by Mr Gavin Lightman, QC, for the NUM, that it had given an undertaking to ensure that it would not interfere with the trustees' conduct of the breach of trust action if it were handed over to them. The receivership had fulfilled its purpose and it would be oppressive to prolong it, he said.

## ICI makes production switch

BY TONY JACKSON

ICI is to withdraw from bulk production of polyester fibres with the loss of 300 jobs at Wilton in Tees-side, north-east England. The group is to switch its capacity to production of polyethylene terephthalate (PET), the fast-growing packaging plastic in which ICI is European market leader.

The company said it had been losing money for years in polyester staple fibres, used for polyester cotton clothing and fillings for duvets and pillows. The group was one of 14 producers in Europe, with only a 6 per cent share. It said that European industry capacity was 440,000

tonnes per year, but around 100,000 tonnes were surplus to demand.

European market leaders are Hoechst of West Germany, Du Pont of the US and Rhone-Poulenc of France.

ICI's share of the European PET market is over 50 per cent, with capacity of 55,000 tonnes a year out of a European total of some 100,000 tonnes. PET has grown rapidly since its commercial introduction in the early 1960s, being widely used as a substitute for glass in clear plastic bottles and making inroads into food packaging.

The PET capacity at ICI is to increase by 10,000 tonnes in the first instance. The group said that when polyester had been wholly phased out over the next two to three years, there would be scope for a further increase of 20,000 tonnes, but this had not yet been cleared by the board.

ICI said it hoped to avoid any forced redundancies as a result of the latest move. Redeployment opportunities would be sought elsewhere in the group and outside.

Employment in ICI's fibres division in the UK has halved since 1979, from just under 10,000 to just over 5,000.

## Work starts on docklands airport

BY LYNTON MCLEIN

WORK STARTED on an airport in London's disused docklands yesterday when Mr Michael Spicer, Parliamentary Under-Secretary for Transport, made the first excavation.

The £18m London City airport is being built by John Mowlem six miles from the Bank of England. The project can hardly fail to succeed, Mr Spicer said.

The company has taken a 125-year lease on a 90-acre site around

the Royal Albert and King George V docks, owned by the Port of London Authority. John Mowlem will operate the airport when it comes into use in the third quarter next year.

Three UK airlines have applied to the Civil Aviation Authority (CAA) to start short-range services from the docklands airport. Brymon, British Air Ferries and British Midland Airways are all interested in starting services, but all are waiting

for the CAA to announce the dates of hearings into their route licence applications.

The services proposed include flights from docklands to Paris, Amsterdam and regional airports in the UK.

Brymon was the original supporter of the concept of an airport on the disused wharves. Forty per cent of the airline is owned by the state-owned British Airways.

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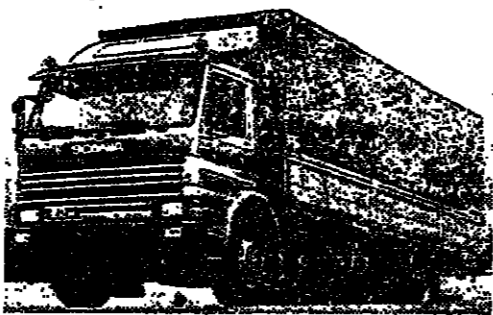
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**GAS FUELS PROFITS**

## UK NEWS

## BR's workshops to lose up to 5,000 more jobs

BY ANDREW FISHER, TRANSPORT CORRESPONDENT

UNION LEADERS gave a warning of possible strike action yesterday after British Rail (BR) said that up to 5,000 more jobs would be lost at its manufacturing and repair works over the next three years.

Together with job losses already notified to the unions, the total of BR redundancies in these divisions and at its depots could approach 8,000 people.

BR said its reduced maintenance needs, as new and tougher equipment was introduced, meant that between 4,200 and 5,000 more jobs would have to go at British Rail Engineering Ltd (BREL) works up to 1989.

It has already told unions of 1,750 planned redundancies and it also intends to cut the labour force at its regional depots by 900 over three years. BR will close 16 maintenance depots over more than 100.

Mr Jimmy Knapp, general secretary of the National Union of Railwaymen (NUR), said he would recommend to its executive committee that members be balloted on industrial action, including possible strikes.

Last summer, however, guards voted against industrial action over driver-only trains.

"It's a devastating blow. It's a black day for our railway workshops," Mr Knapp commented on the job losses. He claimed BR was concerned less with efficiency gains than with the possible privatisation of BREL.

"What we've seen emerge today is for us a horrendous and horrific picture that presents a bleak prospect for the future for thousands of our people," Mr Knapp added.

Mr John Paletta, BR's personnel director, said the job cuts were not dictated by the aim of privatising BREL, which now employs just under 23,000 people compared with 35,000 six years ago.

Unions, he said, had been told that BR was considering the future of BREL, including possible privatisation. No decision had been taken and the Government would be told of BR's views on the various options. He said the latest job cuts were aimed at saving BR at least £30m a year on its maintenance bill, now over £300m.

The main impact will fall on the maintenance workshops at Doncaster in Yorkshire, Wolverton in Buckinghamshire, Eastleigh in Hampshire and Springburn in Glasgow.

Jobs in the manufacturing workshops, where BREL competes in the home and foreign markets, will be reduced by about 1,300 to 12,200 mainly affecting Crewe, Derby and York. The cuts, not including headquarters staff reductions, will be after the BREL workforce comes down to 21,000 by next year.

Mr Alex Ferry, general secretary of the Confederation of Shipbuilding and Engineering Unions (CSEU), said its railways sub-committee would decide today whether to ballot members of the seven unions involved. He said the job cuts would strongly undermine the UK's specialist ability in manufacturing locomotives and coaches.

"Last week, it was shipbuilding, this week it's railways," he said in a reference to the 3,500 redundancies announced by British Shipbuilders. Mr Nicholas Ridley, the Transport Secretary, faced bitter personal criticism from Labour MPs in the House of Commons yesterday as he announced details of the BREL redundancies, Kevin Brown writes.

There were also repeated claims from opposition MPs that the redundancy package was part of a plan to prepare BREL for privatisation.

## Peace talks begin in power dispute

BY PHILIP BASSETT, LABOUR EDITOR

POWER ENGINEERS are convinced that there is little support among manual workers in the electricity supply industry for the overtime ban proposed by their unions to come into effect this weekend over pay and grading.

Talks on the dispute between leaders of the four manual unions and the Electricity Council, representing all 12 area electricity boards, were still in progress late last night.

Those involved in the talks were convinced that unless they went very far, a settlement to the dispute was likely before the manual workers' overtime ban starts at midnight on Sunday.

A further indication of the likelihood of a settlement emerged yesterday when it became clear that the employers had a private pre-meeting on Monday with officials of Acat, the conciliation service. The unions had a similar meeting yesterday, thus clearing the ground for full-scale conciliation - when the talks got properly under way.

The executive council of the Amalgamated Engineering Union yesterday approved the union's stance in the dispute, but said it hoped that the talks would lead to a settlement.

Part of the reasons behind the thinking that a settlement is likely may well be the unofficial soundings taken among engineers in the power stations that there is little support for an overtime ban.

Overtime earnings for manual

workers in the industry are quite high. According to government figures in the latest New Earnings Survey, overtime accounts for 11.5 per cent, or £21.60, of the £187.80 average earnings of manual employees.

Power engineers are convinced that the prospect of the loss of these and higher earnings is undermining what support there is for an overtime ban, although they believe that among the largely semi-skilled or unskilled workforce, there is in particular little backing for the manual unions' claim for a new, bridging grade which would benefit only a small number of top-skilled workers.

The Electrical Power Engineers' Association (EPEA), the engineers' union, has told the manual unions that in the event of industrial action taking place, its members will do their own work only on the condition that no major damage is threatened to the national grid (power distribution system).

This is a normal rider from the EPEA, but the engineers feel that the strategy of cumulative action from the manual workers, especially if it strayed from the control of union leaders, raises the possibility of such damage - at which point EPEA members would be likely to step in and take over fully.

The EPEA has written to the manual unions asking for their co-operation in ensuring that such an emergency does not arise.

## Thatcher will name successor to Joseph

THE LONG-AWAITED Government reshuffle to replace Sir Keith Joseph as Education Secretary will almost certainly take place later today, Peter Riddell writes.

There was considerable speculation among ministers and Tory MPs last night about the identity of the new Education Secretary, but there were no firm indications amid the conflicting gossip and rumours.

The timing is apparently because Sir Keith is going to the US on Thursday and wants to have his successor named by then. He will probably remain within the Cabinet, however. Indications are still that the reshuffle will be relatively limited, involving a new Education Secretary and a few consequent changes.

AMERADA HESS, US oil company, has asked the Department of Energy, for permission to postpone for one year a \$400m North Sea development project because of the fall in the oil price.

This would be the first time that a North Sea operator has backed off from a major project after receiving official approval under the "Annex B" procedures. The project is in the Ivanhoe/Rob Roy field about 80 miles north east of Peterhead. The first oil had been due to start flowing in 1988. The field was expected to produce 50,000 barrels per day from its 80m barrels of reserves.

Postponement would be seen as an awkward precedent by ministers who are anxious to keep up the momentum of exploration and development in preparation for the tenth licensing round expected to get under way this summer.

TOURISTS visiting Britain this year will reach record numbers in spite of fears over possible terrorist actions, Mr David Trippier, Employment Under-secretary, told the House of Commons.

He said that the British Tourist Authority had forecast that 15.1m overseas visits would be made this year, an increase of 4 per cent on last year's record 14.5m. The number of American tourists was likely to fall by 15 per cent, implying a 3 per cent cut in total tourist spending.

PROPOSALS of the Top Salaries Review Board, which settles the salaries of senior civil servants, judges and some others, should be implemented in a way that would "give a lead to the country," a Tory MP told Mrs Margaret Thatcher, Prime Minister, in the House of Commons.

Mr Andrew McNair-Wilson said this would accord with ministerial insistence on the continued importance of pay restraint. Mrs Thatcher said an early statement would be made.

FILKINGTON, the glass group, is to close its rock wool insulation factory at Stirling in Scotland with the loss of 257 jobs. The group blamed declining demand and the plant's "wholly disadvantageous" location.

Filkington bought the Stirling plant and another at Queensferry, North Wales for £5m from Cape Industries less than 18 months ago. The Queensferry plant is to be expanded to create 80 jobs.

CHELSEA and Fulham football clubs could eventually share a purpose-built stadium in West London as the result of a £3m takeover deal.

Marier Estates, the property company which already owns Chelsea's Stamford Bridge football ground, said yesterday that it had agreed to acquire Fulham Football Club and its Craven Cottage ground for £5.5m in cash and the repayment of loans and creditors totalling some £3.5m.

## Rival bids for Berisford referred to commission

BY ANDREW GOWERS

THE TWO rival bids for S. & W. Berisford, the commodity trading and processing group, were put into cold storage yesterday when Mr Paul Channon, the Trade and Industry Secretary, ruled that they should both be referred to the Monopolies and Mergers Commission.

The commission, following a recommendation from Sir Gordon Berris, the Director General of Fair Trading, has been asked to report within six months on the proposed acquisition of Berisford by either Tate & Lyle, the cane sugar refining group, or by Hilldown Holdings, the UK food and furniture group.

Both bids have aroused controversy because they involve British Sugar (BSC), the UK beet-processing monopoly owned by Berisford.

Tate & Lyle, which has been suffering from a bitter price war in the UK market, is keen to acquire BSC and sell Berisford's core commodity

trading businesses back to its senior management. But acquisition of British Sugar would give Tate control of about 94 per cent of the UK sugar market.

Although Hilldown has no sugar interests at present, Mr Channon has evidently decided that any change of ownership of BSC warrants consideration by the Monopolies Commission.

The Secretary of State considered that the proposed acquisition by Tate & Lyle raised issues of competition in the sugar market and that both proposed acquisitions raised wider issues of public interest arising from a change of ownership of British Sugar, given the special nature of the sugar market and British Sugar's place in it," said the Department of Trade and Industry.

These considerations include Britain's place in the EEC sugar regime.

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## United may move titles from Fleet Street base

BY RAYMOND SNODDY

UNITED NEWSPAPERS is considering moving its national newspapers out of Fleet Street in central London. The company, which published the Daily Express and Sunday Express and The Star, a popular daily, is going to review all options including the possibility of moving to contract printing.

Senior United executives emphasise that no decision has yet been taken.

The intention is to decide this year whether or not to stay in Fleet Street. If United were to decide to join several other national newspapers and build a printing plant in London's Docklands, the aim would be to complete the move within two years.

The news of the review emerged after United's annual meeting yesterday at which Mr David Stevens, chairman, told shareholders that Express Newspapers - bought as part of the purchase of Fleet Holdings for £317m last October - were now trading at a profit. The national titles had moved into loss last June as circulations slipped.

"A further substantial improvement in profit should be attainable subject to competitive conditions," Mr Stevens promised.

He declined to give further details of the present level of profit. But it is believed that profits of more than £30m are likely next year, a figure which could increase further when plans to move to single-laying journalists typing articles directly into electronic systems are implemented.

## SIEMENS

Information for Siemens shareholders

## 9,000 additional employees

Strong rise in capital investment - continuing growth in German domestic business

The cyclical nature of the power plant business and above all the increased strength of the German mark against the dollar had an adverse effect on the percentage changes during the first six months of the current financial year, the period from 1 October 1985 to 31 March 1986. If the power plant

business is excluded, German domestic sales rose by 10% and domestic new orders by 7%. Siemens anticipates continuing growth in domestic and international business and as a result has recruited 9,000 additional employees and boosted capital investment by 69% to £657m.

## Sales

During the first six months of last year, Siemens sales grew by a significant 33%, to £7,771m owing to the billing of two nuclear power plant contracts (Gundremmingen C and Grohnde). Because no nuclear power plant was billed in the first half of the current financial year, Siemens world sales have dipped 18% to £6,401m. Excluding the power plant business, Siemens recorded a slight growth

in total sales, including a strong 10% rise in domestic business. In real terms, international sales were also higher than last year.

in £m	1/10/84 to 31/3/85	1/10/85 to 31/3/86	Change
Sales	7,771	6,401	-18%
Domestic business	4,335	3,011	-31%
International business	3,436	3,389	-1%

## New orders

The level of new orders reflected the absence of new power plant contracts in the Federal Republic of Germany and the effect of exchange rate fluctuations on international business. As a result worldwide order intake, at £7,263m, was 13% down over the same period last year. Without the power plant business, domestic order bookings rose by 7%. Siemens anticipates that new orders world-

wide will exceed £15,000m over the current financial year.

in £m	1/10/84 to 31/3/85	1/10/85 to 31/3/86	Change
New orders	8,384	7,263	-13%
Domestic business	4,072	3,310	-19%
International business	4,292	3,953	-8%

## Orders in hand

Orders in hand moved up 3% to £16,177m during the first six months. Inventories were increased to £5,786m (last year £5,159m) primarily in support of long-term systems business.

in £m	30/9/85	31/3/86	Change
Orders in hand	15,696	16,177	+3%
Inventories	5,159	5,786	+12%

## Employees

Following the 20,000 new jobs created last year, the total number of employees was again increased by 9,000 to 357,000 over the first half of the current financial year. The workforce was expanded by 5,000 in the Federal Republic of Germany and Berlin (West), and 4,000 people were added abroad. An average of 352,000 employees were on Siemens' payrolls during the six months under review, 6% more than for the same period last year.

in thousands	30/9/85	31/3/86	Change
Employees	348	357	+2%
Domestic operations	240	245	+2%
International operations	108	112	+3%

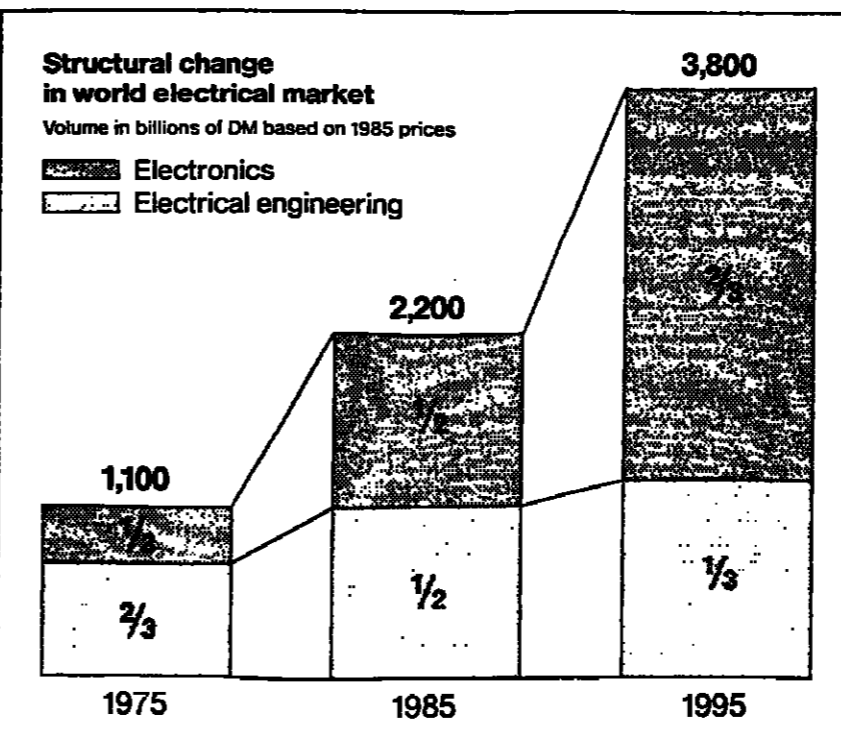
in thousands	1/10/84 to 31/3/85	1/10/85 to 31/3/86	Change
Average number of employees	332	352	+6%
Employment costs in £m	2,742	2,862	+8%

## Capital spending and net income

Siemens increased capital expenditure and investment to £657m during the first six months, 69% above last year's comparable figure. Capital spending of around £175m is planned for the entire financial year. Net income after taxes was £185m, yielding a net profit margin of 2.9% as against 2.8% for the entire 1984/85 financial year.

in £m	1/10/84 to 31/3/85	1/10/85 to 31/3/86	Change
Capital expenditure and investment	369	657	+69%
Net income after taxes	185	185	0%
in % of sales	2.4	2.9	

All amounts translated at Frankfurt middle rate on 31/3/1986: £1 = DM 3.443.



## Structural change calls for high rate of investment

Ten years ago, electronics accounted for one third of the world electrical market, by 1995 its share will have risen to two thirds. Siemens was quick to respond to the transition from electromechanical technology to electronics and today half of its sales consist of electronic equipment and systems. This has required considerable capital expenditure, and will continue to do so. Consequently, during the current 1985/86 financial year, Siemens will once again increase R&D expenditure from £140m to roughly £160m and boost capital spending from £120m to around £175m.

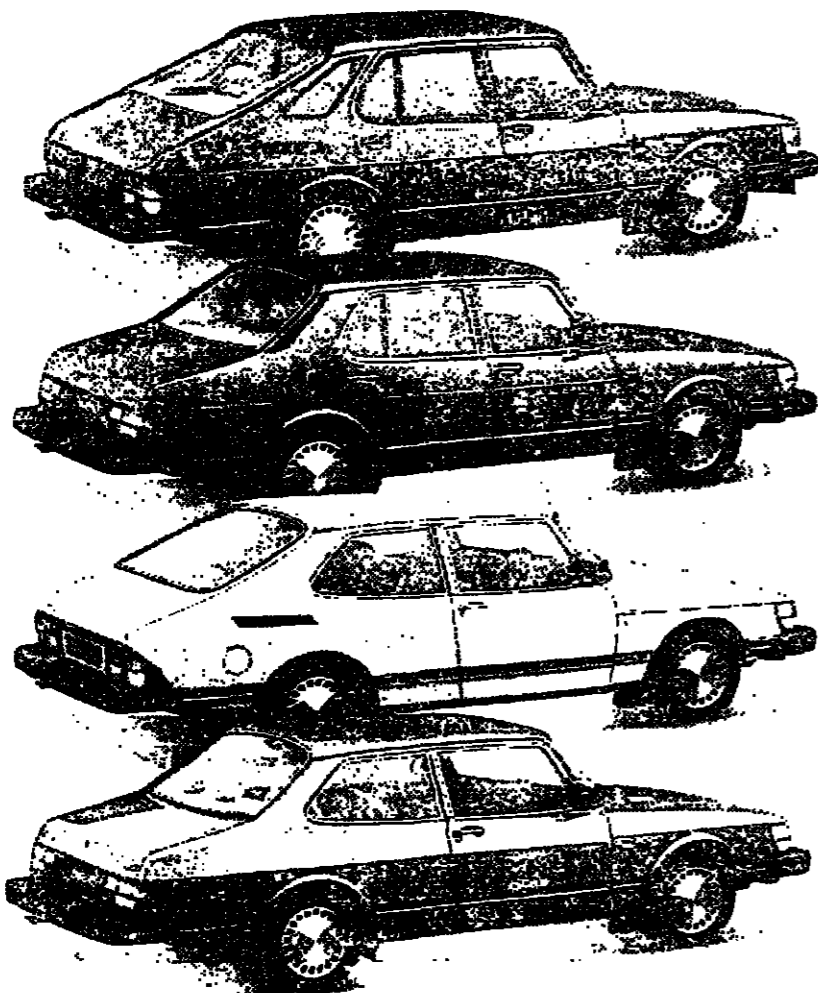
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(Algerian Popular Democratic Republic)

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ENTREPRISE NATIONALE D'APPROVISIONNEMENT EN PRODUITS ALIMENTAIRES  
AVIS D'APPEL D'OFFRES INTERNATIONAL  
NUMERO: 11/86

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**MOONLIGHT PRODUCTIONS LIMITED**  
NOTICE IS HEREBY GIVEN pursuant to Section 588 of the Companies Act 1985 that a Meeting of the creditors of Moonlight Productions Limited will be held at the office of LEONARD CURTIS & CO., 30 Emsborough Terrace, London W2 6LJ, on Tuesday, the 3rd day of June 1986 at 2.00 o'clock in the afternoon, for the purpose provided for in Sections 588 and 590.  
Dated the 14th day of May 1986.  
R. J. LEVY, Director

## Art Galleries

**THACKERAY GALLERY**, 18 Thackeray St., W8, 027 5183. 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100.  
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Robin Reeves looks at Wintech's role as technology broker for small and medium-sized Welsh enterprises

## Cooking up combinations of good ideas and practical products

MR ALWYN HUGHES, director of Mellaforce, a London-based retail services company, was fitting out a large restaurant in Leeds when the idea came to him of "Autocall" — a simple electronic signalling system to improve communication between chef and waiter.

In the past, Mellaforce had turned to Japan to translate business ideas into practical products. Mr Hughes was about to do so again when it was suggested he also try the Welsh Development Agency to see if this particular product could be signed and manufactured in his native Wales.

Mr Hughes quickly found himself talking to Dr Clive Thomas, founder of the agency's new Wintech division. Dr Thomas put him in touch with electronic consultant, Cronix of Cowbridge, South Glamorgan, who not only came back with a product design within two days (Japan had taken a month), but also with a tender price for manufacture under sub-contract which was 20 per cent below Mellaforce's Japanese quotation.

The potential market for Autocall extends well beyond restaurants. It is also an ideal cheap signalling device for hospitals, factories, supermarkets, and department stores.

But as well as meeting Mr Hughes' requirements, it has provided a useful early success for the Wintech organisation —

established 18 months ago to try to encourage Welsh companies to take on board new technology and to give Wales more of a high tech image.

When chartered accountants Deloitte Haskins and Sells carried out the feasibility study for Wintech, they saw it as an industrial equivalent of the Agricultural Development and Advisory Service, whose patient work since the second world war at grass roots level has contributed significantly to the dramatic growth in agricultural productivity.

As it turned out, Wintech has a budget of only £500,000 and a staff of five and is therefore not able to mount a comprehensive advisory service for Welsh companies.

Instead Dr Thomas, who is returning to Bradford University, from where he was seconded to Wintech, has been trying to improve links between Welsh industry and researchers in Welsh colleges and universities.

Several research "clubs" now exist linking Welsh high tech companies with researchers with the aim of creating centres of excellence in Wales. Other initiatives are helping companies tap into regional, industrial and research aid.

Dr Thomas is already convinced that Wintech's role of "technology broker" to small and medium-size enterprises in

Wales ought to be copied in other parts of the UK where the traditional industrial base has declined sharply and which are struggling to rebuild a prosperous economy.

"If a company is street-wise it will identify gaps or new opportunities in the market. But smaller companies don't have the technical resources to exploit them. We can provide that back-up," says Dr Thomas.

He believes that many companies do not appreciate the extent to which overcoming technical weaknesses or problems within their existing products can lead to new business.

Apart from helping Mellaforce with Autocall, Wintech's Product Development Service has also assisted Excalibur Tools, a Merthyr Tydfil-based company which, having launched itself with a prize-winning DIY tool for pointing brickwork, asked Wintech for help to develop its idea for a spirit level that can measure any angle.

Another beneficiary has been Scanwell Vacuum Engineers of Bala which sought help to develop an electronic pressure gauge for vacuum vessels.

Wintech put both companies in touch with scientists at the Polytechnic of Wales who had the particular product design skills each required.



Nicholas Edwards, Welsh Secretary: stalking Japanese subsidies

Wintech is also handling another five projects, three involving substantial development programmes and one which it believes could create a major new industry.

But Dr Thomas is equally convinced that the immediate future prosperity of many smaller Welsh companies may be best secured by buying in the knowledge and manufacturing and sales rights for new products from overseas; in other words by inward technology licensing.

Wintech has already held a series of seminars in various

parts of Wales on inward licensing and has identified a dozen companies which require new products to match their existing production and marketing capabilities. It is certain there are many more that could benefit.

It has also assembled a list of consultants, each with knowledge of a particular sector who, for a fee of typically, £5,000, will identify products which match a company's existing manufacturing and marketing capacity and obtain samples for test marketing from the potential licensee.

For smaller companies which cannot afford to employ their own consultants, Wintech is putting together groups of companies to find products in which they can all have a stake.

Wintech's technology licensing efforts are helped by its recently established links with two comparable technology transfer organisations on the continent, IHK in Karlsruhe, West Germany, and ARISTE in Strasbourg, France. Both have long played a technology transfer role via the chambers of commerce in their respective countries.

Under the tie-up, Wintech, IHK and ARISTE are required to offer to each other 40 product licensing opportunities each year. They can be of varying levels of technology but must

have originated in each organisation's region.

Wintech's activities in this direction suggest an even more important lesson. Since the 1930s, the principal industrial development effort in Wales has been directed towards attracting investment either from the prosperous parts of England or from overseas.

Mr Nicholas Edwards, the Welsh Secretary, is currently paying his third visit to Tokyo to try to persuade more Japanese companies to set up subsidiaries in Wales. But although Wales boasts the largest concentration of Japanese manufacturing investment in the UK, after a decade and a half of heavily promoting its virtues, this still adds up to less than a dozen Japanese subsidiaries.

Although Wales is bound to remain in the hunt for internationally-mobile investment, nobody seriously believes it can dent Wales' 20 per cent unemployment level.

Arguably, Wintech's efforts offer a better way forward. Far more new jobs could result from making sure that Welsh companies and their management have — through technology transfer — modern, marketable products which generate profits to finance future expansion.

## Liverpool may face new crisis on budget

By Ian Hamilton Fazel

MR KENNETH BAKER, the Environment Secretary, yesterday agreed to meet a deputation from Liverpool City Council on Friday but laid down two conditions. No money would be available to avert another looming budget crisis in the city and there would be no special treatment under urban aid programmes.

Government sources believe that Liverpool is again heading for a serious budget crisis.

The city's capital programme commitments amount to £105m for this year, a sum that can just be met from government allocations, unused funding from last year and remaining capital balances. But that will mean that there will be no money in the capital account to bridge a current-account deficit.

Those would have to be met out of the current account budget. That is already £27m over the city's income for the year.

All departments have come up with economies involving cuts in jobs and services totalling £42m. But those have been referred back as the cuts would conflict with Labour's council election pledges

## The £17m Mission which could save Goldcrest's fortunes

BY RAYMOND SNODDY

BEFORE Mr Jake Eberts decided whether to return to Goldcrest Films and Television as chief executive, he asked to see early footage of the Roland Joffe/David Putnam film *The Mission*.

When he had seen it, Mr Eberts sent a telegram to David Putnam, the producer in Columbia where the film was being shot. It read: "Thank you for saving Goldcrest."

"That may turn out to be a prophetic telegram," Mr Eberts said yesterday, as he tried to assess the impact on Goldcrest's future of *The Mission* winning the Golden Palm for best film at the Cannes Film Festival on Monday night.

Prizes do not translate directly into box office revenue, but Mr Eberts believes that in the main European markets the Golden Palm could be worth an extra £1m to £2m for the picture.

The *Mission* is the third of three pictures which cost the British independent production company £44m and put its future in jeopardy.

Revolution was a box office disaster particularly in the US. *Absolutely Fab* is doing better but is likely to break even at best and much now rests on the fate of *The Mission*, which cost £17m to make.

Mr Putnam, a director of Goldcrest, sought permission to have the film shown at Cannes even though it was not yet in its finished form. He did it partly to try to save Goldcrest and partly to prevent his film going down with a sinking ship.

The prize, Mr Eberts says, is very encouraging but he is even more gratified by the response of the filmgoers and industry executives at the Cannes screening. When it was over, Mr Eberts says there was a 10-minute standing ovation. He was frequently stopped in the street

at Cannes by people wishing Goldcrest well.

More importantly Mr Ebert believes, in an industry governed by gut feel, where confidence is a vital commodity, the award shows that Goldcrest may have had a stumble "but has not lost its touch."

Goldcrest's risk on the film now totals £5.5m. The rest of the cost is already covered by pre-sale of distribution rights. If the film, which is due to open in the autumn, should turn out to be a decent-sized hit, the £5.5m would be recovered and another £4.5m would flow into Goldcrest's depleted coffers. That would clear off the company's £2m bank debt.

Despite the improvement, Goldcrest — in which Pearson, owners of the Financial Times, has a 41.2 per cent stake — is still between six months and 18 months away from being a film production company again.

Mr Eberts says, however, the company has agreement in principle for a £10m fund to offer minimum guarantees on foreign sales of pictures not made but distributed by Goldcrest. The ability to offer such guarantees should allow Goldcrest to take part in potentially more lucrative distribution deals which should help to strengthen the company's finances.

Another British independent film company, Handmade Films, also won an award at Cannes. Actor Bob Hoskins won the best actor award for the Handmade production *Mona Lisa*.

Mr Hoskins said yesterday after returning from Cannes: "There is a feeling that there is going to be a renaissance of the British film industry. We have always had a lot of talent but have never had the producers to make the films — now we have."

## Leyland launches range of light truck diesels

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

LEYLAND TRUCKS, the state-owned BL subsidiary, is to launch a new range of light truck diesel engines, called the Leyland 300 series. This event also marks the end of the company's operations at Bathgate, west of Edinburgh, in Scotland.

The new Leyland engines are based on the Cummins B series units which the two companies have jointly developed over the past four years for automotive use in Europe. Cummins will build them at its factory at Darlington, County Durham.

They replace the 88 series engines which were made at Bathgate. Leyland announced amid a political storm in May 1984, that Bathgate would close in June this year with the loss of all remaining 1,770 jobs. At the peak, in 1977, Bathgate employed 6,700.

Leyland two years ago also cancelled a £20m scheme to bring the Leyland 300 into production at Bathgate under licence from Cummins.

The company said yesterday that talks for sale of part of the Bathgate site were going on with a number of organisations, but its own operations there would end at the beginning of next month.

The Leyland 300 series spans the power range from 115 to 180 brake horsepower in naturally aspirated and turbocharged versions. At first only the naturally aspirated versions will be available, with an upper power limit of 130bhp.

They will first be used from the

autumn this year in Leyland's Roadrunner trucks, mainly sold in the 7.5 tonnes gross weight sector.

When other versions of the engine are introduced some will be employed in Leyland Freightliner trucks up to 18 tonnes gross weight.

The Cummins B series engine range, from which the Leyland 300 series is derived, was itself the product of a joint development programme between Cummins and the J. I. Case group in the US. Cummins, which made its reputation with large diesels, wanted to move into the production of smaller engines (the B series covers the power range from 50 to 180bhp) and Case needed a new diesel for its agricultural tractors.

The B series range has been in production in the US for some years and Cummins has now almost completed a £14m renovation scheme at Darlington to put the B series into production there, switching output of the old V-6 units once made on the site in Mexico.

Leyland will be an important customer for Darlington, taking about 3,000 engines a year, and ERF recently announced it would use the B series in its heavily revised range of 18-tonne trucks.

Mr Peter Capon, Leyland's product development director, said: "We and Cummins have co-operated to develop their basic American-built engine into one that combines the best available technology and experience from either side of the Atlantic."

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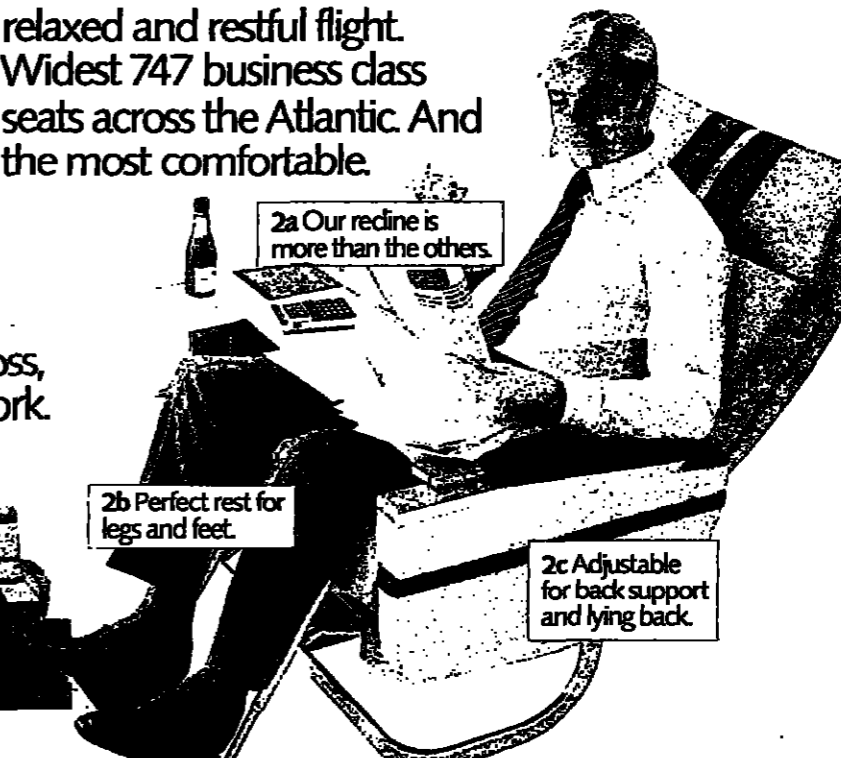
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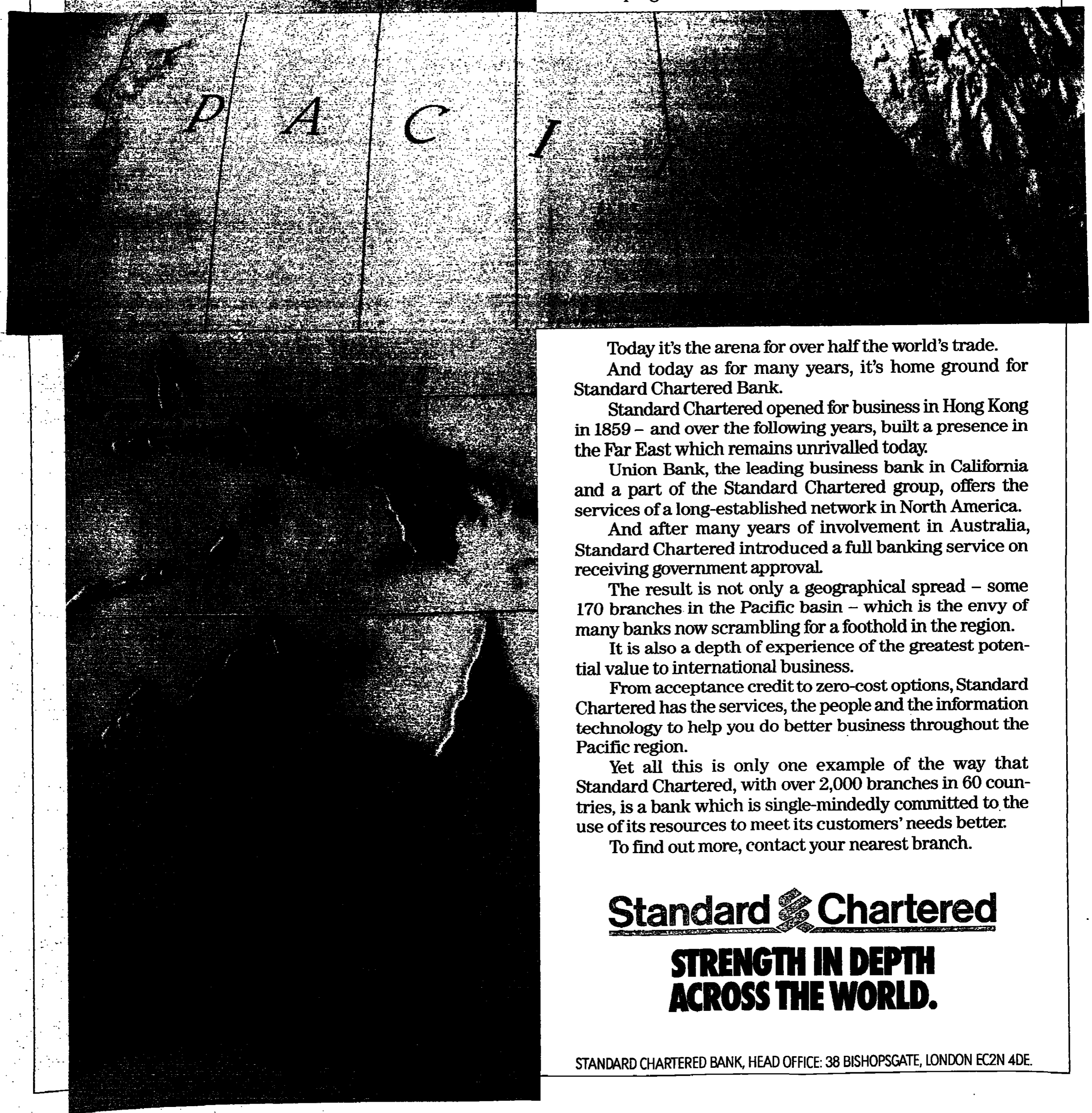
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3. Interest Amount payable for Sub-period:

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## COMPUTER INDUSTRY

# DEC: the critics grow quieter

By Jason Crisp

ALTHOUGH Digital Equipment has doubled its size in less than four years, for some time now the world's second largest computer company, it has still been criticised for its lacklustre financial performance, tired product range, invisible marketing, over-staffing and poor margins.

Lately the critics have grown quieter. DEC is back in favour with Wall Street because it has reorganised, cut costs, launched a host of new products and reported a sharp improvement in profits in the middle of a general slump in the computer market. As a result, analysts have started to praise DEC—even if its margins are weaker than many would like.

Mr Ken Olsen, the tough, blunt engineer who founded and still rules this \$800-million company, appears disdainful of much of that past criticism. He feels the critics concentrated on short-term problems while ignoring the company's long-term strengths. "We are not going to waver from our concentration on the importance of the long-term," he says.

As an example he cites DEC's commitment since the 1970s to the development of linking computers together in vast networks. This is an area where DEC now leads its rivals and which is helping it break into new market areas. While DEC is still best known as a minicomputer company, its sales range stretches from personal computers to the equivalent of mainframes. In the marketplace it meets International Business Machines at every turn. "But we don't always meet our traditional rivals Hewlett Packard, Prime or Data General," says a senior DEC executive.

DEC also stands apart from the bunch companies—the five struggling US mainframe computer companies which are dwarfed by IBM. Indeed, some analysts believe DEC is now IBM's most credible rival in computers. Even so DEC's annual revenues of \$800 million just about match IBM's profits.

Unlike its mainframe rivals, DEC has the advantage of a very strong base in mini-computers from which it has spread to compete in other areas. Its VAX range of super-minis has on one hand been put into clusters to compete with mainframes and on the other reduced to a single micro-chip which goes into a workstation.

The strength of the powerful VAX range in the mini-computer market has also meant a large amount of soft-

ware has been written for the DEC system. And because it is a single family of computers with the same architecture and operating system, the software written for the minicomputers can be run by its largest and smallest computers—a boast which even IBM can not match.

A second key strength, as DEC never tires of telling the world, is its lead in linking computers into networks. Mr William Strecker, vice-president of engineering product strategy and architecture, recently said: "Digital believes that computers will not reach their ultimate usefulness until all terminals, all personal computers, all minicomputers, and all mainframe computers within an organisation freely communicate with each other, freely share data with each other, and easily share the workload."

Mr Olsen, the architect of DEC's strategy, comments: "In the 1970s the mission evolved to develop networks when we

that are welded to IBM can at least consider buying some computers from DEC too.

The last three years have, however, been uncomfortable for DEC. It has seen small new companies make substantial inroads into the Computer Aided Design market where it was once dominant and, its own entry into the personal computer market has been very disappointing. In addition, a major re-organisation resulted in a dozen top executives leaving.

"DEC had an almost arrogant belief in its own engineering skills and strategy. It has only recently really discovered how important things like organisation and marketing are and it is paying more attention to them," one analyst notes.

Nearly three years ago DEC underwent a big management upheaval which in part marked the end of the entrepreneurial era dating from its foundation in 1957. About 15 independent product divisions, which often overlapped and competed

company like DEC needs more people to prepare for the future. "We take on more people so we can grow them and give them more responsibility. We generate more responsibility than we need... that is our goal and it is expensive," he says.

DEC is benefiting from a substantial improvement in its product range from new equipment to faster computers. Earlier this year it held a big show in Boston for its customers at which it claimed that about 98 per cent of the products had not been available 12 months earlier.

The new more powerful products will enable existing DEC customers to upgrade their systems. It also enables DEC to regain its lost crown for high performance minicomputers which had been stolen by its smaller rivals.

No one is suggesting that DEC has done all it should do to improve efficiency and profitability or that it does not face considerable problems compet-

### IN THE SHADOW OF IBM



### THE KEY FIGURES

	1986	1985	\$m	1986	1985	1984	1983
	(7 months to March)	(7 months to March)	1985	1984	1983	1982	1981
Revenues	5,414	4,834	6,486	5,584	4,272	3,881	3,178
Net income	378.7	346.2	446.7	328.8	283.6	417.2	342.3

Year and June 30

aggressively, were abolished and several senior executives left. "It was a hard thing for all those leading the groups. They liked their independence so they left to do it on their own," Mr Olsen says.

The company has also taken action to improve its financial position. Much tighter controls have reduced DEC's high levels of stocks and the number of people employed in manufacturing has been reduced by about 5,000—without redundancies. Manufacturing employment is expected to continue falling with the rapid introduction of automation.

Even after the reduction, DEC's turnover per employee is substantially below that of IBM. In part this reflects Mr Olsen's belief that a growing

ing with IBM. However, its revamped product range based around a single operating system and its strong position in networking has convinced many observers that DEC is one of the healthiest computer companies in the US.

Mr Olsen's long term view would appear to have been right. When the company was having problems a number of critics suggested that Mr Kenneth Olsen, who is 60, should retire. Still clearly the dominant force in the company, Mr Olsen refuses to comment on whether he is even considering it. But he does say: "The measure of my skill is how well the company is doing two years after I have gone."

This is the last in a series. Previous articles appeared on May 14, May 21, May 28, April 25, April 22 and April 22.

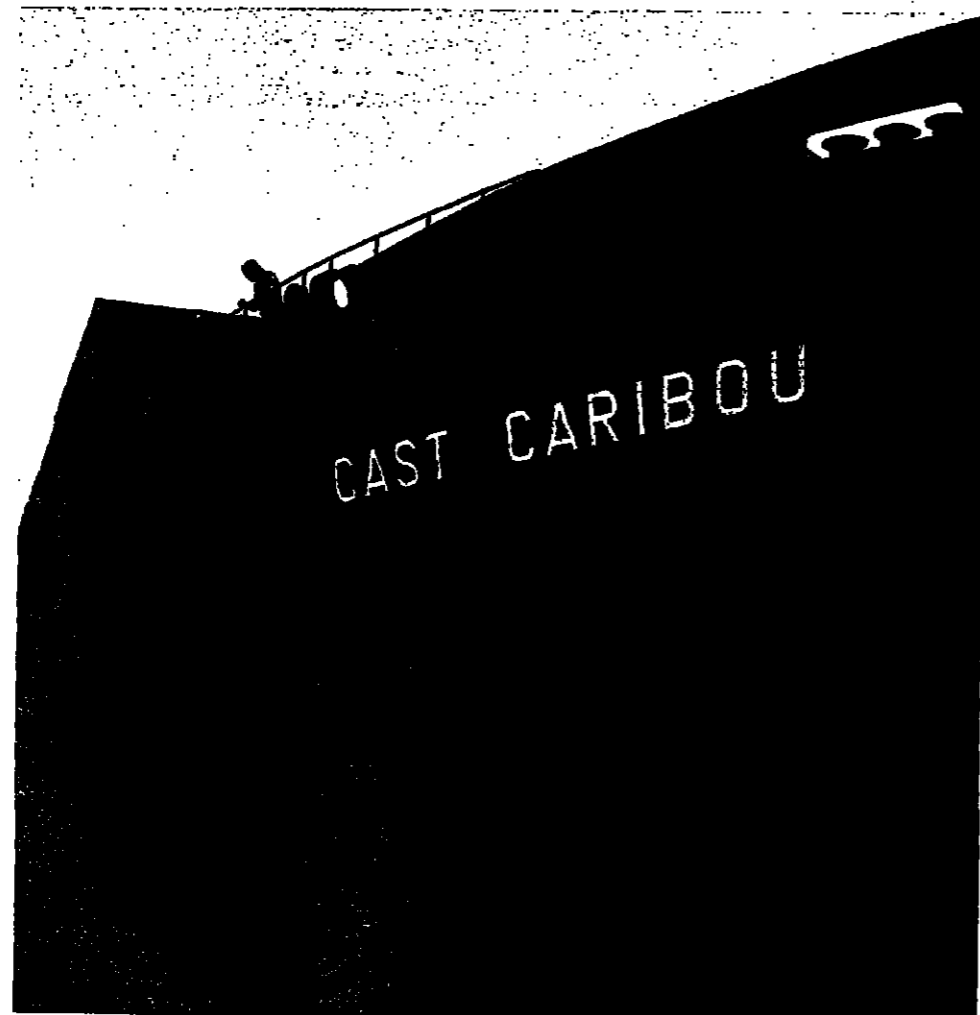
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## Stability

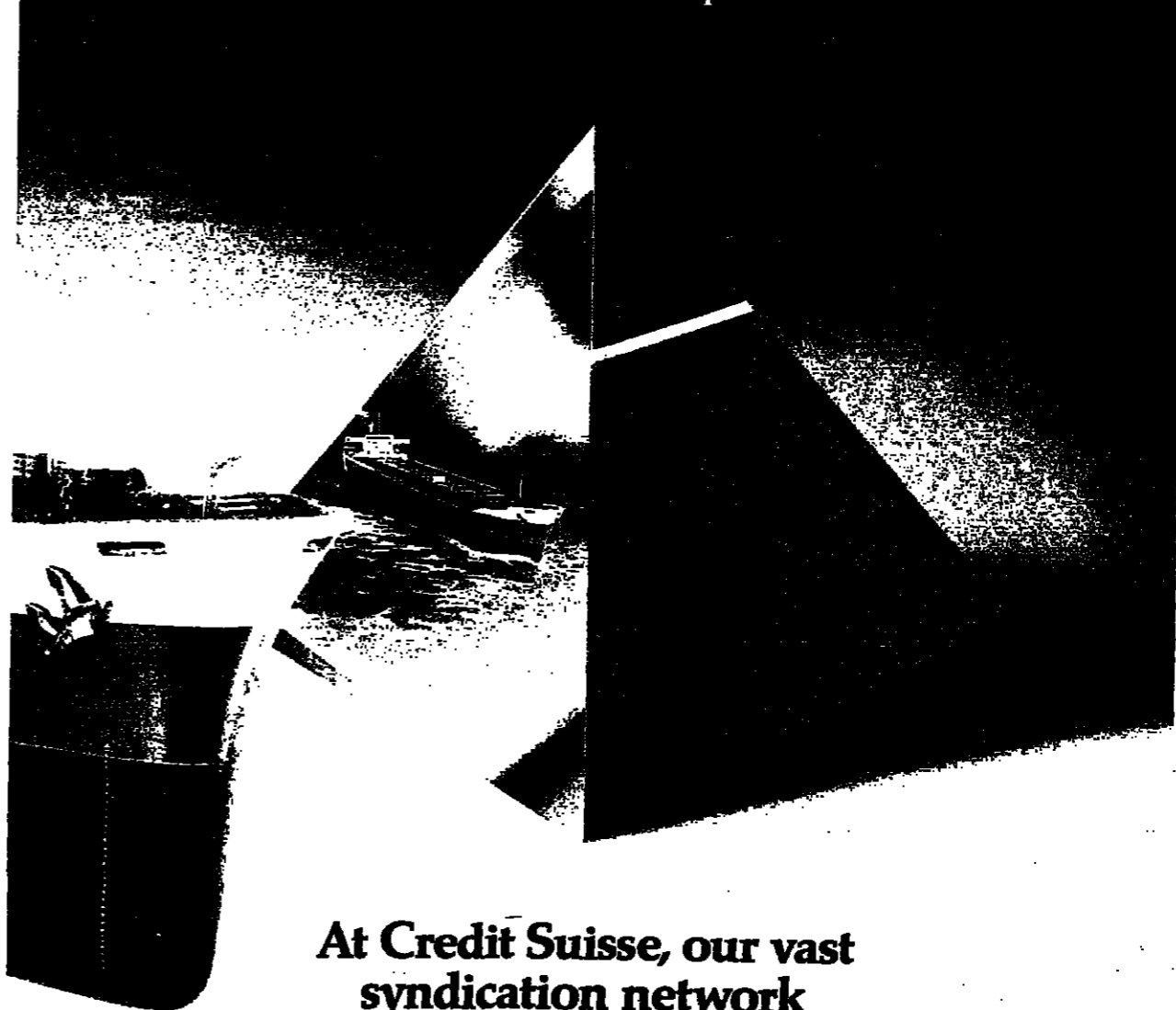


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حركة من الاصل

## SARAKREEK HOLDING N.V.

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## 1985 dividend

At the Annual General Meeting of Shareholders held on May 20, the dividend per share for the year 1985 was fixed at:

The countervalue in guilders on November 16, 1985 of US \$1 (= f 2.95) in cash, as well as one ordinary share for 20 ordinary shares of f 25.00 par value

The cash dividend became payable in the form of an interim dividend on November 29, 1985 against delivery of coupon no. 12.

The stock dividend will become charged to the share premium account and is not subject to Dutch withholding or income tax. This final dividend, which is entitled to participate in the full result for 1985 and following years, becomes payable on May 30, 1986 against delivery of coupon no. 13 at the following paying offices:

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120 Cheapside, London EC2V 6DS
- Credit Lyonnais  
19, Boulevard des Italiens, 75002 Paris
- Banque Privée de Gestion Financière  
61, rue de Monceau, 75008 Paris

Should the coupon be submitted through another bank or broker, the reverse side must display a company stamp. Holders of CF-shares will be paid through the intervention of the institution holding the dividend papers at close of business on May 20, 1986.

If, after September 5, 1986 there are still unsundered dividend coupons no. 13, the shares issuable against these coupons will be sold and the proceeds be kept available, on a pro rata basis, to the holders of the unsundered coupons.

Amsterdam, May 21, 1986  
The Management

## WESSANEN

A General Meeting of Shareholders will be held at the Marriott Hotel, Stadhouderplein 21, Amsterdam on Thursday, 5th June 1986, commencing at 10.00 a.m.

The Agenda, the sole item on which is a statement concerning a proposed appointment to the Board of Managing Directors, is available for inspection from today at the Company's offices, Laan van Kronenburg 14, Amstelveen. Holders of shares, depositary receipts for shares and bonds may obtain copies free of charge from the Amsterdam-Rotterdam Bank N.V., Herengracht 597, Amsterdam.

The meeting will be open to holders of shares and depositary receipts, and to representatives of the Press upon the production of their Press pass.

As provided for in Article VIII.4, clauses 2 and 3, of the Articles of Association, shareholders and other persons who are entitled to vote may attend the meeting and speak or cast their vote, or may be represented for these purposes by a proxy duly authorised in writing, provided that written notification of their intention so to do is received by the Board of Managing Directors by 2nd June 1986 at the latest.

As provided for in Article VIII.4, clauses 6 and 7, of the Articles of Association, holders of depositary receipts for shares may attend and speak at the meeting, or may be represented by a proxy duly authorised in writing, provided that they lodge their depositary receipts, or a certificate issued in lieu thereof, with the above-named bank by 2nd June 1986 at the latest.

The Board of Managing Directors  
Koninglijke Wessanen N.V.  
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Allied Irish Bank	10 1/2	First Nat. Sec. Ltd.	11 1/2
American Express Bk.	10 1/2	Robert Fleming & Co.	10 1/2
Amro Bank	10 1/2	Robert Fraser & Pies.	11 1/2
Barclays Bank	10 1/2	Grindlays Bank	10 1/2
Barclays Bank	10 1/2	Guinness Mahon	10 1/2
Bank of America	10 1/2	Hamro Bank	10 1/2
Bank of Canada	10 1/2	Heritable & Gen. Trust	10 1/2
Bank of Cyprus	10 1/2	Hill Samuel	10 1/2
Bank of Ireland	10 1/2	C. Hoare & Co.	10 1/2
Bank of London	10 1/2	Hongkong & Shanghai	10 1/2
Bank of Scotland	10 1/2	Johnson Matthey	10 1/2
Bank of Spain	10 1/2	Knowles & Co. Ltd.	11 1/2
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Bank of the East	10 1/2	National Bk. of Kuwait	10 1/2
Bank of the East	10 1/2	National Girobank	10 1/2
Bank of the East	10 1/2	National Westminster	10 1/2
Bank of the East	10 1/2	Northern Bank Ltd.	10 1/2
Bank of the East	10 1/2	Norwich Gen. Trust	10 1/2
Bank of the East	10 1/2	Parsons Trust Ltd.	11 1/2
Bank of the East	10 1/2	Provincial Trust Ltd.	11 1/2
Bank of the East	10 1/2	R. Raphael & Sons	10 1/2
Bank of the East	10 1/2	Rothmans Guarantees	11 1/2
Bank of the East	10 1/2	Royal Bank of Scotland	10 1/2
Bank of the East	10 1/2	Royal Trust Co. Canada	10 1/2
Bank of the East	10 1/2	Standard Chartered	10 1/2
Bank of the East	10 1/2	Trustee Savings Bank	10 1/2
Bank of the East	10 1/2	United Bank of Kuwait	10 1/2
Bank of the East	10 1/2	United Bank of Kuwait	10 1/2
Bank of the East	10 1/2	United Bank of Kuwait	10 1/2
Bank of the East	10 1/2	Westpac Banking Corp.	10 1/2
Bank of the East	10 1/2	Whiteaway Ltd.	11 1/2
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## CHINA

## A mystery man takes on the reformers

WHEN I first went to China in 1965, just weeks before the cultural revolution began, in every factory and commune we visited hung a row of seven portraits, of which six—Mao, Liu Shaoqi, Zhou Enlai and others—were instantly recognisable. "Who was the seventh?" I asked our minder, a left-wing Chinese journalist from Hong Kong.

A flicker of hesitation mixed with pride crossed his face. "That is Chen Yun," he said. "Those are the seven politbureau standing committee members, the chairman, and vice-chairmen of the party." Even then, despite his high rank, Chen Yun was barely known in the outside world. He remains China's biggest mystery man.

Some people think it was Chen Yun's influence that led the National People's Congress, China's parliament, last month to snub Premier Zhao Ziyang by unexpectedly revising his report on the economy. In time, this may come to be seen as the point at which the power of China's reformers began to wane.

The lengthy changes to the premier's report took up points that Chen first made in a startling speech last year on the need to focus more on grain cultivation. Most of the revisions were aimed at tempering Zhao's reformist line in favour of a more conventional Chinese communist approach.

Chen Yun's career is as long and almost as distinguished as that of 81-year-old supreme leader Deng Xiaoping. Born in Jiangsu province in 1905, he moved to Shanghai at the age of 16 where he learned typesetting at the Commercial Press. He joined the Communist

Party in 1925, working with Liu Shaoqi, the former head of state who was killed in the cultural revolution.

In 1934, long before Deng, he was elected to the central committee. The following year he took part in the long march and then left China for two years in Moscow. He returned to join the Red Army at its guerrilla base at Yenan in north-west China, where his work on the organisation and party discipline included vetting

his old party role of vice-chairman in charge of party discipline.

China's economy was then seriously overheating because of former chairman Hua Guofeng's over-ambitious economic plans. Chen publicly attacked the plans, preaching restraint. At the time it was presumed that he and Deng saw eye to eye on economic reform, but Chen soon melted into the background.

Since then Chen has re-

presented such an alternative. The line that he might take (since opposition policies are seldom articulated, one has to infer them) would probably be closer to that of the Soviet Union, where with central planning and tight party control industrialisation has been forced through.

Such a view might appeal to many middle level party officials who feel Deng's reforms cut into their power. It might also tempt senior old-fashioned party men who are shocked by the rapid decline in values reflected in the flood of illicit trading, materialism and greed which has emerged in recent years. And since China's 1985 problems continue to rock the economy, even a few would-be reformers must wonder whether they could have been avoided by a more conventional approach.

Putting names to Chen Yun's backers is risky since almost everyone overtly supports the official line. However, on the all-powerful five-man politbureau standing committee Chen can probably count on 76-year-old Li Xiannian, himself a 1950s-style economist and, compared to Deng, a hardliner.

For all that, a popular vote in China would probably give Deng and the reformers overwhelming backing. They have meant more to eat, more money, more fun and more freedom for countless millions of people. But his men are going to need all their skill to keep the show on the road in the teeth of difficulties, many of which they themselves have created.



CRITICAL: Chen Yun at the Chinese Communist Party conference last year.

# Compaq beats Apple record for fastest entry to Fortune 500

COMPAQ COMPUTER have run away with rival Apple computer's record for making the Fortune 500 in the shortest time ever. Compaq entered the list at 463 after only four years whilst Apple took five.

"Compaq made it to the list faster than any company in the 32 years since we've been recording corporate performance," confirmed editor of Fortune magazine James B. Hoefler.

High demand for Compaq PCs has sustained dizzy profit growth even by silicon valley standards. In the last two years, net income has jumped from \$4.7 million to \$26.6 million.

Their performance is particularly marked after another mixed year for the computing industry (profits actually fell by 6.2%). Only the hungrier corporations have achieved strong growth.

President of Compaq Rod Canion explained, "We have worked very hard to build the kind of company that can continue to respond quickly to the needs of the marketplace and yet have the size and capability of a major international corporation."

Compaq also holds the record for the fastest company start up in US history. By the end of its first year, sales had hit a record \$111.2m.

# Sorry, old fruit.

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## THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

## Trading environments

## Why Sharp is redrawing its horizons

Carla Rapoport explains the Japanese electronics group's shift to home markets following the rise in the value of the yen

JUDGING by Japanese newspaper accounts, Japan's major corporations are in a panic about the accelerated rise of the yen. Words like "catastrophic," "uncontrollable," and "disastrous" fill the financial pages almost daily. Some commentators are already predicting that Prime Minister Yasuhiro Nakasone will have to abandon plans to seek another term solely because of the run-away yen.

But away from the public uproar, in the quiet, spacious executive offices of Japan's largest exporters, one hears a different story. Japan's major exporters expect to survive this crisis like they have survived all the ones before. Their lives may change over the next few years, but not necessarily for the worse.

Within this club is Sharp Corporation, the \$7bn-a-year Osaka-based company, with a worldwide reputation as a top-quality producer of consumer electronics. Sharp was founded in 1912 by Tokutomi Hachiro, the man who invented the swan belt buckle and the mechanical pencil. An early pioneer of radio and television in Japan, Sharp also helped to pioneer the vast Japanese market for audio and electronics in the 1950s and 1960s. It then moved out into world markets in the 1970s and 1980s through aggressive exporting as well as through a variety of licensing and manufacturing deals.

Sharp today is run by the men who spent their lives developing and selling Sharp products. One of those men is Yoshihide Fukao, aged 67, now senior executive vice president. A tall, thin man with white hair, Fukao speaks in a friendly, matter-of-fact manner about the effects of the yen on his company. Straight away, he points out that more than 60 per cent of Sharp's sales are achieved through exports. Next, he notes the yen's appreciation of more than 50 per cent in the last year. Yet he then says that Sharp is not facing a crisis or anything near it.

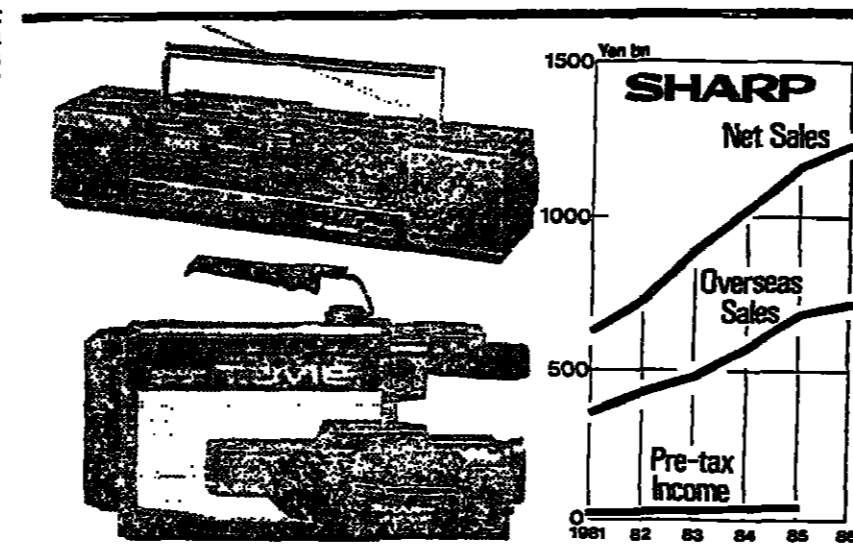
"The time to grow by overseas sales is past," says Fukao. "Over the last 10 years, he says, Sharp's annual sales growth has been close to 20 per

cent, thanks to 17 per cent growth per year in exports. In 1985, when the yen started its climb, exports slowed to 3 per cent growth. This year, he says, exports "are expected to go to sleep."

"The Prime Minister says we should change the whole system of Japanese business. Needless to say, that is the only way to deal with the stronger yen. We must stimulate domestic demand. It is very clear that the base for growth in the future is domestic sales," says Fukao. Sharp's back-to-Japan strategy is planned to two goals. First, realign its export/domestic sales split from 60/40 to 40/60. Second, safeguard the jobs of every one of its 25,000 domestic and 25,000 overseas employees while making that shift.

Sharp will probably achieve these goals, remaining a strong international competitor while increasing its strength at home. But there will be a cost. Sharp spends about 60 per cent of total sales on components and raw materials, most of that from Japanese suppliers. Hundreds of these suppliers are shortly going to find themselves out in the cold, as Sharp begins to slim down its exports by shifting more and more production offshore. And because of the high yen more and more of these offshore production sites will be buying their components locally or importing them from places like Korea or Singapore, rather than Japan.

Fukao acknowledges the problem readily, but emphasises his priority is first to his own workers. "It depends on how fast Japan can develop jobs in the services sector, but I think we are going to have an unemployment problem here in the future. All the world's nations have this problem. We're the only one that



doesn't. It's unnatural for an advance economy," he says.

This straightforward appraisal of the facts is one of the many qualities which will help companies like Sharp through their high-yen adjustment period. Osaka has a long history of producing hard-nosed businessmen who can keep emotions out of their decision-making. Sharp will therefore be expanding its production in places like India and Spain this year, and local component-makers will have to fend for themselves.

"Needless to say, we have no legal obligation to protect those from which we have made many purchases in the past. We do feel ethically responsible for those contractors who have been working solely for us for many years, and we will try to find them other work," he says. But 85 per cent of Sharp's suppliers, he says, are

independents who serve many masters. Nomura Securities recently estimated that job losses created in this sector could total as much as 500,000 over the next few years.

Meanwhile, however, Sharp will have its work cut out for itself. Company executives already admit that the group is losing money on exports of audio equipment, such as radio cassette players. Its pricing strategy so far has been to increase export prices by about 7 to 11 per cent across the board and absorb the rest of the currency appreciation through reduced profits. By next year, it hopes to reverse the profit trend by cutting its cost, shifting more production abroad and releasing new products which are less insensitive to price.

Sharp is not one to give away a lot of numbers, but it says

that so far this year it plans to shift at least ¥30bn (\$178m) worth of its exports to offshore locations, mostly India and Spain. It also plans to increase output at plants in the US, UK, Brazil and Australia. "Our overseas affiliates should not depend on us as much. They must find their own way for stable growth," says Fukao. After making comparisons on production costs, he says, the US Sharp affiliate may begin to supply the Canadian market, for example. Further, he says, Sharp's UK plant may step up its sales to other EEC countries, while Australia may take over supplying that continent. Altogether, Sharp is understood to be aiming at putting between 25 to 30 per cent of its production offshore over the next few years, compared with less than 20 per cent currently. Its imports of components from

countries such as Korea and Taiwan are also expected to go up sharply.

At home, Sharp will be aiming for 10 per cent growth per year in order to maintain employment for those workers displaced by lower exports as well as keeping its overall growth moving upward. The key will be to find new products to tempt its balky domestic customers and to find them before its competitors do. At Sharp's engineering centre in Teori, 40 kms from Osaka, executives are thinking of little else.

To the surprise of foreign visitors, Teori engineers are tackling the Japanese market in much the same way they successfully tackled the US and European markets a decade or two ago. They are doing their social and cultural homework. The Japanese today are richer

than ever before and their appetites may be increasing.

Take dishwashers, for example. Japanese manufacturers sell thousands of dishwashers in the US and Europe, but almost none in Japan. Traditional wisdom has it that Japanese homes are too small to hold dishwashers. In fact, Sharp now admits that it never really designed a dishwasher for the Japanese market — one that could contain the myriad of bowls which the Japanese use for their meals, and could scrape the sticky rice off them effectively. "We [Japanese] designed large machines to hold plates, cups and saucers," says Kono Hayashi, senior executive director of the engineering centre in Teori. "We need to make it smaller, and design it to take bowls, platters and chopsticks."

Beyond that example, Hayashi is retooling about Sharp's next generation of electronic gadgetry. He says, however, that new products will be multi-functional, and will begin to bridge the gap between office and home appliances. In the future, for example, Japanese will be buying telephones which combine a fax-machine, videotext monitor and even keyboards. The microwave oven may come with its own software programming for various meals. The bathroom may have "intelligent" baths and lavatories, which can clean themselves, for example.

"We are going to see much more advanced technology in the home. It will be hard to tell the difference between home and office equipment," says Hayashi.

Sharp's competitive edge will depend heavily on its R & D facilities. The company runs

two parallel R & D tracks. One consists of the product development laboratories located at each major production centre. The second is the Teori engineering centre which handles fundamental research across product lines. In between the two is Sharp's Urgent Projects team. This is the group which combines scientists from both tracks and sets out to make something new or better, in a short time. A recent example of an Urgent Project was the front-loading videocassette recorder.

Urgent Projects have recently been upgraded. Under the new system, the head of each project is appointed by Sharp's president only. The team leader may choose his co-workers from any laboratory in the group and pays them out of a special budget. All the members wear little gold badges on their lapels, marking them out from anyone else in the group.

"In the past, we put equal weight on every programme," says Hayashi. This accounts for Sharp's wide product mix. VCRs, for example, are its best-selling product but account for just 16 per cent of Japan-based production.

"Now we have to focus on more specific, quick results," he says. "We must carefully study product design for Japan quickly," he says.

Sharp can afford to make these changes. The group's borrowings are outstripped by its cash and securities, according to last year's balance sheet. But assets are conservative. The valued Japanese accounts with Sharp's true resources are probably stronger than its balance sheet shows. In fact, Fukao says capital reserves totalled ¥350bn. Despite the slow-down in growth this year, for example, Sharp will invest ¥70bn and continue to spend 8.2 per cent of sales on R & D.

As for the future of the yen: "We don't expect the yen-dollar exchange rate to recover (from the current ¥165 level)," says Fukao simply.

## BUSINESS PROBLEMS

BY OUR LEGAL STAFF

## Sale of goodwill and CGT

In 1969 I started a retail business in freehold premises which I had bought at the same time, trading as a sole trader. The goodwill value of the business is now about £25,000.

I have contemplated selling the business but not the premises, buying another vacant property in a different location and starting another type of retail business.

Could you please spell out the Capital Gains Tax implications/options as they appear horrific to me. Am I effectively locked in where I am until age 60?

Surely the amount of money at stake justifies the cost of an accountant (as well as a solicitor) to guide you through the tax pitfalls. The chargeable gain on the sale of the goodwill can be rolled over into the cost of the new premises, in principle. The free CGTII (Capital Gains Tax and the small businessman) may be of some help, but bear in mind the date of publication on the copy you receive.

## No reply one year on

I am the controlling shareholder in my business, and I wish to retire and pass my interest in the company to my three sons and control to one of the sons who is already a director of the company.

Last March my accountant wrote with supporting documents to the Adjudication Office of the Inland Revenue seeking approval of the value at which I have already transferred a small number of shares and at which I wish to transfer a further substantial number. Alternatively, we asked for a statement of its own valuation. In October, the Department replied seeking accounts for the previous three years, which information was immediately furnished. Last month, in response to urgent telephone calls, an officer undertook "to turn up the file" but there has been no further communication.

I know little of the function of the General or Special

Commissioners or how to find them, nor do I know whether, in fact, these bodies would be able to help us, but I feel there must be some higher authority to whom we can turn for help when, after waiting 12 months, we cannot get a reply to a letter.

Can you suggest any action that we can take to arrive at an acceptable valuation, other than to sit it out until ultimately we are forced to sell the company to an outsider and relieve the Inland Revenue of the necessity to reply to our communications?

First we must say—as your accountant has doubtless warned you—that the value of a small parcel of shares in your company is not a reliable guide to the value of a large parcel, nor of a parcel which gives or removes control.

The Adjudication Office's conduct appears to constitute a prima facie case of maladministration, but you should seek your accountant's guidance upon the question of asking your MP to refer your complaint to the Parliamentary Commissioner for Administration (the Ombudsman). Some readers' accountants have expressed fears that calling in the Ombudsman may provoke retaliation by the criticised taxmen in later years—we have no evidence either way, at present.

## Chargeable gains

I am one of four shareholders in a private investment company.

The only fixed asset of the company is a freehold property let to a two-partner firm on a lease which expires in four years' time, with an option to purchase the property at market value.

The two partners wish to acquire the property immediately. The stumbling block is the capital gains tax position if the company sells the property and is then put into liquidation. To overcome this, would the following programme be feasible? The company balance sheet is reversed to include the property at market value. The partners buy the share at balance sheet value. The company is then liquidated, the partners taking the property in their joint names in specie.

Or if the partners do not wish to adopt this method, the shareholders liquidate the company taking the property jointly in specie and then sell it to the partners.

In either case, presumably the Revenue would accept the cost of the property as being the balance on the liquidation distribution account not paid in cash.

You seem to think that liquidation distributions in specie do not produce chargeable gains. This is not so: a distribution in specie is a (CGT) deemed disposal at market value by the company, as well as being a (CGT) part disposal of each member's shareholding, for similar deemed considerations.

Are the partners prepared to buy the company? The company's auditors (and solicitors) are best placed to guide you through the tax pitfalls—but do not expect to be able to avoid all of them.

## Selling a suite

We sell three-piece suites from a warehouse-type location, from stock. Often we sell a suite, label it as sold, and subsequently lose another potential sale on the suite because it is labelled "sold." If the customer who agreed to buy the suite subsequently cancels, we have lost not only that sale but the opportunity of selling the suite to someone else while it is labelled "sold."

Supposing the customer who originally purchased the suite pays his deposit on a Saturday, say £100, by cheque, and then subsequently rings up on Monday to say that he wishes to cancel and that he has instructed his bank not to honour the cheque. Can we sue him for £100; sue him for £100 plus loss of profits; and/or sue him for loss of profits alone? Or have we, as technically his £100 deposit has never been transferred to our account, no claim on the money?

You can sue for the deposit, simply suing on the cheque; and there would be no defence to that. You can sue for the loss of profit (deducting the deposit from the total profit). You have a duty however to mitigate your damage, and so should try to resell, and must deduct the profit on any resale. Thus the net position is that you should keep the deposit (or sue for it on the cheque), but it is unlikely that any further claim is worth making unless it is impossible to re-sell the suite.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

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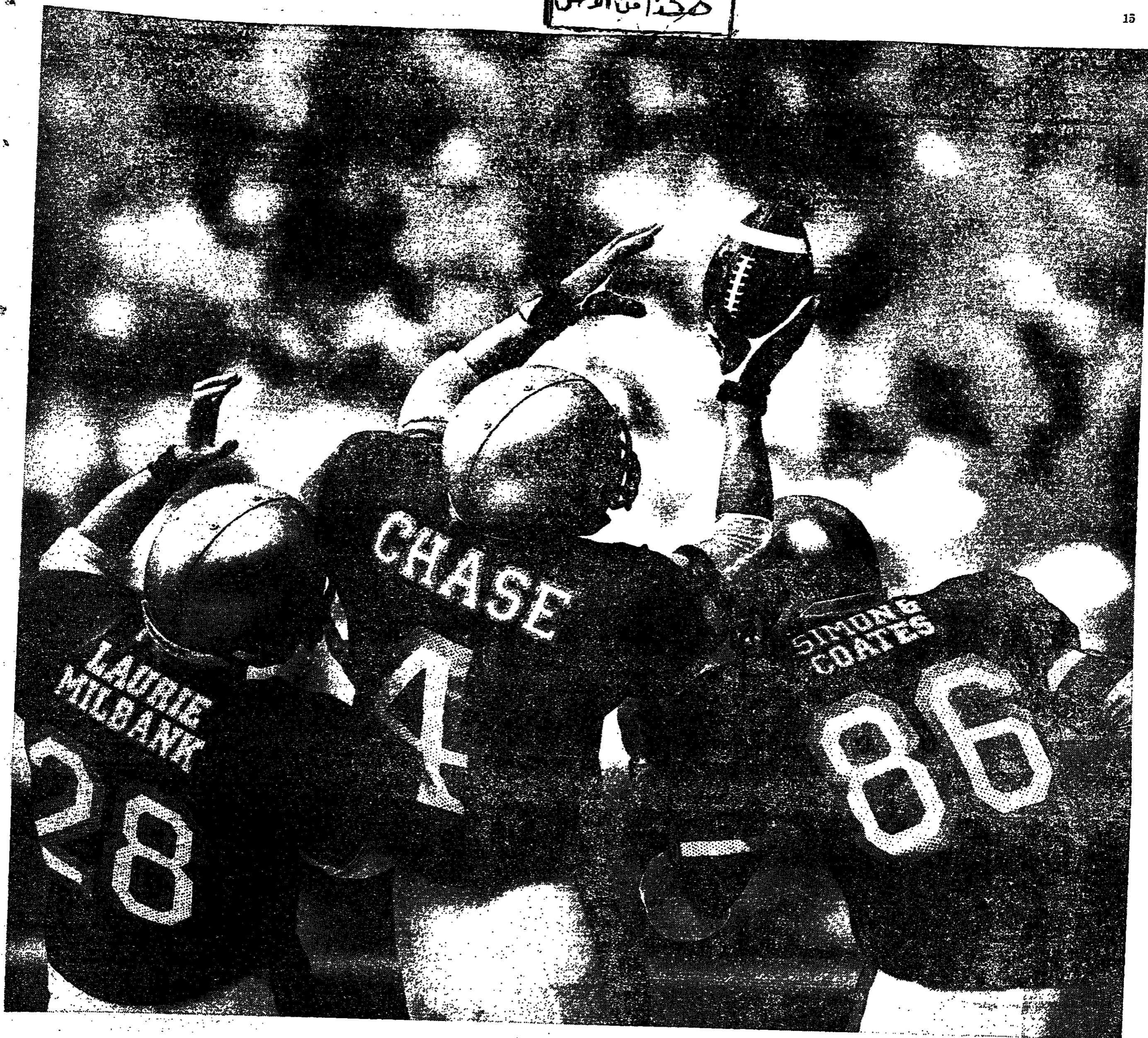
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### THE CHASE PARTNERSHIP



## APPOINTMENTS

## Changes at Appledore

Following the death of Mr Peter Nash, chairman and chief executive of A. & P. APPLIEDORE GROUP, Mr John Alexander, a director since September 1984, becomes chairman, and Mr Anthony Mackesy, co-founder and deputy chairman, becomes chief executive. Mr Donald McLean, as chief executive of A. & P. Appliedore International, is group director responsible for the activities of the managed shipyards, while Mr John Craggs remains group director responsible for the consulting activities through his position as chief executive of A. & P. Appliedore. Mr Richard Woodhead assumes responsibilities as group director for marketing and development.

Mr John Willmot has been appointed to the board of HILL SAMUEL & CO and joins the bank as head of distribution in its gilts operation. He was a partner of Fenner & Boyle. Prior to that he was a partner of and head of gilts at Laurie Milbank.

Mr Charles Flaxman, who retires as the underwriter for Syndicate No 900 (Denham) at Lloyd's later this year, is to join BOWRING PROFESSIONAL INDEMNITY on August 4 as a consultant.

Mr Hedley S. Thomas, a divisional director of Price Waterhouse Urwick—Urwick division, has been elected president of the INSTITUTE OF MANAGEMENT CONSULTANTS for 1986-87. Mr Michael J. Allen of Michael J. Allen and Partners, has been elected senior vice president. Mr David Williams of Sedgwick Edwards joins Mr Paul R. Tindley of Deloitte

Haskins and Sells management consultancy division as vice president of the Institute. Mr Tindley is also the Institute's honorary treasurer.

Mr J. D. F. Barnes, chairman of ICI paints division, has been appointed an executive director of ICI from August 1. He joined the company's pharmaceuticals division in 1957. From 1960 he was involved in the division's expansion overseas, being respon-



Mr David Barnes, chairman of ICI paints division, joins the main board in August

sible primarily for the development of the European market. Mr Barnes joined the division board in 1971 as overseas director, leading further expansion into the Japanese and US markets. He became a deputy chairman in 1977. In June 1983 he was appointed chairman of the paints division.

Mr Nigel J. Forsyth has joined the WARD GROUP as chief executive. He was executive chair-

man of the power transmission manufacturing and marketing companies and a main board member.

Mr R. C. Pooley has been appointed deputy chairman of C. E. HEATH following the retirement of Mr D. J. Barham.

Mr Osamu Fujisawa, director general of the JAPAN EXTERNAL TRADE ORGANISATION's London office is being reassigned to Japan. His successor is Mr Shuji Ogawa who was director of the overseas economic co-operation first division, Economic Planning Agency.

The chairman of Swan National Rentals and Leasing, Mr Freddie Aldous, has been re-elected president of the European Car and Truck Rental Association (ECATRA) for a second two-year term. Mr Aldous is also president of the British Vehicle Rental and Leasing Association (BVRLA). He is the first person to hold the position of president of ECATRA and the BVRLA at the same time.

HAMPTON GOLD MINING AREAS has appointed at its Yorkshire engineering subsidiary, Wulter Machine Co, Mr M. W. Mills as managing director and Mr P. Gilmore as production director. Mr Mills was with McCorquodale as managing director of various subsidiary companies.

Mr E. E. Bridge has been appointed managing director of the composite division of E. W. PAYNE. He was a divisional director of the overseas division. The company is a member of the Sedgwick Group.

## Sir Philip Harris joins Fisons

Sir Philip Harris, chairman and founder of the Harris Queensway Group, is to join the board of FIONS as a non-executive director in June. Sir Philip will replace former FIONS chairman, Sir George Barrow, who has retired as a non-executive director.

MADRAR (UK) has appointed Mr Anthony W. Peers as a main board director in charge of agricultural development. He has recently retired from the civil service, where he was deputy chief natural resources adviser and principal agricultural adviser in the overseas development administration (ODA).

JOHN TOWNSEND & CO, insurance brokers at Lloyd's, has appointed Mr Alan R. Savin as managing director.

Mr Lee Bowerbank, previously sales director of Mars, is to join TOM SMITH, a cracker and party products manufacturer, as general sales director.

KORES NORDIC GB has appointed Mr Gerry Pussard as managing director. This follows the appointment of Mr Anthony J. Jackson, the previous managing director, as chairman.

Mr Richard Dyson, a past chairman of the Hospital Caterers Association, is to join contract caterer GARDNER WILSHIRE in the new post of development director, education and health care division, from June 9. He was district catering adviser to the city hospitals unit of Nottingham Health Authority.

Mr Phil Robson has been appointed president of TAYLOR HITEC, a robotic company based in

Chorley. He is a director on the main board of R. and R. Taylor.

Mr John Nicholls-Lee has joined GODDARD KAY ROGERS (NORTHERN) in Leeds as a consultant. He was export director of Dornier, responsible for the Japanese and Far Eastern markets.

Mr David de Norman has joined the board of Saxon International, Sun Key Villes and INDUSTRIAL, COMMERCIAL AND FINANCIAL SERVICES. He will also act as consultant to Saxon Investment and Trust.

Mr Glyn Samuel has been elected national chairman of the ROAD HAULAGE ASSOCIATION for the ensuing two years. He is chairman of Flowers Transport, York. Mr Key S. Bowles, chairman of Roy Bowles Transport, and Mr R. D. Heaton, chairman of Heaton's Transport (St Helens) were elected vice chairmen.

Mr Joseph C. Williams, a vice president of Alliance Capital Management Corporation, has been appointed a director of ALLIANCE CAPITAL MANAGEMENT INTERNATIONAL INC., LONDON.

SPEYHAWK has appointed Mr Michael Thomas Fudelek as its managing director of construction. Mr Fudelek is joint managing director of The Osprey Company, which specialises in the development of retirement housing in the south east of England.

Mr R. S. Gauld has been appointed president of the NATIONAL ASSOCIATION OF FUNERAL DIRECTORS for the next 12 months.

# Who needs to be satisfied that radioactive waste can be disposed of safely?

At UK Nirex Ltd, it is our job to implement the Government's strategy for the safe and efficient disposal of low-level radioactive waste. It is our wish to provide anyone who asks us with details of our proposals.

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Parliament will shortly decide whether or not

to authorise a Special Development Order, which will give us permission to start engineering field work on four possible disposal sites in England. Eventually one site may be chosen for development.

If the Order is granted we will still have a great deal to do before we will be allowed to put our ideas into practice.

We haven't the space here to give you detailed information about low-level radioactive waste — or radioactivity in general. So if you'd like to know more, please write to Peter Curd at UK Nirex Ltd, Information Office, Curie Avenue, Harwell, Didcot, Oxon OX11 0RH, and ask for our Fact Pack.



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May 21, 1986, London

By: Citibank, N.A. (CSSL Dept), Agent Bank CITIBANK

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21st Mar, 1986  
By: The Chase Manhattan Bank, N.A., London, Agent Bank

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## THE ARTS

Television/Christopher Dunkley

## So much hot air about the weather

Nothing, it seems, will stop the development of the weather into one of the major constituents of our television schedules. It can only be a matter of time before we see a regular 15-minute programme devoted exclusively to the weather, despite the fact that the notion of Britons being fascinated by their climate seems little more than a popular myth.

Time was when the forecast received a brief but perfectly adequate mention after major news bulletins, and those who needed something more detailed crawled to the television or listened to those wonderfully creative announcements about Rockall, Mullin and Comary on the wireless. Now the weather is being promoted as an all-singing, all-dancing obsession, and the people who read the forecasts are being elevated, or do I mean reduced, to the status of "television personalities".

Weather girl Winsey Willis from *Good Morning Britain* turns up on game shows, weather boy Francis Wilson is the resident male sex-object on BBC1's *Breakfast Time*, Ian McCaskill prefaces the BBC forecast with comedy patter, and Michael Fish comes on like a male mannequin.

Given that a good barometer and a glance out of the window seem more reliable than the average forecast, how should we explain this craze? The disproportionate time given to the weather by the top television programmes (which need all the cheap content they can get) and the copycat effect in other parts of television are partly to blame.

The press is not blameless. Eddie Shah, needing a show of the colour printing capacity of *Today*, introduced a full-page forecast, and now the *Daily Mail* has expanded its "Weather" feature and added little pictures of Fish and McCaskill.

My vote would go to any programme which abandoned the dinky little symbols and baffling computer-driven satellite pictures and announced the likely temperature in Fahrenheit.

The best thing so far, about the series on the north/south divide, *Forever England* (Part 3 on BBC2 tonight), is the photography. The BBC has always spoiled us by providing outstanding film cameramen—not only for "big prestige" programmes, but even for the most insignificant odds and ends.



Geraldine McEwan and Prunella Scales as Mapp and Lucia

of current affairs, and ITV has followed in that tradition. Thus even a three-minute filmed insert in a programme such as *Top Gear* or *Blue Peter* will be shot with high professionalism and often remarkable flair. Watch out for the wobbles, the poor focus, and the bad framing on much of the imported material in news, sport and current affairs and the impressive consistency of British film cameramen becomes obvious.

John Warwick's photography on *Forever England* has been not just efficient and imaginative (which has helped considerably with some of the interviews) but often beautiful.

Beryl Bainbridge's script, on the other hand, has been peculiar. The relevance of one section about *A Passage to India*, delivered over pictures of a ladies' bowls team, never did become clear, and the claim "Up on the field the figures of little boys wander like lost souls" seemed odd when we could actually see the boys rushing about playing football.

Last week either I misheard her or she said "When you young yer don't care a bit about durability, you could wear a string of beads and a carrier bag and feel like a million dollars."

I wish I liked *Mapp and Lucia* more. The cast is splendid and the editing spot on, after seeing Geraldine McEwan

as Lucia and Prunella Scales as Mapp it is difficult to imagine anyone else in the roles, and the aptness of the choice runs right through an extensive cast. The production values are high: authentic costumes, vintage Rolls, good locations. The feel of the thing is entirely convincing whether it is a question of provincial pride and naivety, the '20s arty set, or colonial influences during the decline of the Empire.

Yet somehow it adds up to less than the sum of its parts, and watching becomes a chore. Partly it is the tedious of the jokes: when you have heard "Un po' di musica" seven times and "Au reservoir" 17 times the humour begins to wane.

Geraldine McEwan's battle-speak as she ruminates on her next pronouncement is funny on the first three occasions and irritating on the 11th. But perhaps the real trouble is the absence of a single sympathetic character. Of course one wants the more witty and stylish Lucia to triumph over Mapp, the scheming gossip, yet that does not make Lucia a likeable character. The only people who begin to inspire any fellow feeling are the servants, and they scarcely feature. Sissy Georgie with his embroidery and his bibelots needs a good kick in the pants, the idle and conceited Lucia ought to have her affected nose rubbed in some of

the realities of the world, and one longs for the ghastly Mapp to get her comeuppance.

None of this has ever happened, it does not look as though it ever will, and so there is little temptation to keep going back for more.

Monday's *Nine O'Clock News* proved that BBC news reader Julia Somerville has picked up Jan Leeming's scatty habit of pronouncing "de-fuse" as "correct," thus expressing precisely the opposite of what is intended. "Refusing" a bomb meaning to send it out in all directions, "de-fusing" a bomb meaning the prevention of that occurrence.

Generally speaking pronunciation is a pretty unimportant matter except when mispronunciation impedes understanding. It simply does not matter whether you say controversy or controversy; neither one is more logical, let alone "correct."

However, the current craze exemplified by helicopter pilot Dick Smith in Sunday's *World About Us* for saying "kill-o-metre" instead of "kilo-metre" surely is illogical and ultimately confusing. The metric system is based on the metre; kilo means a thousand, cent means a hundred, milli means a thousandth. If we adopt "kill-o-metre" then we must presumably say "centimetre" and "millimetre" and the reasoning behind the whole system breaks down.

It is hard to believe that seven years have passed since the weekend at Broomfield-Windermere when some of us gathered to watch the recording of Brian Lapping's first series of "hypotheticals" for Granada Television. The programmes, in which people who might be involved in some real crisis or moral dilemma meet to discuss and act out a hypothetical case for the cameras, have proved their value repeatedly in the intervening years.

The new trio of programmes last week, entitled *Society, Science and Sex*, dealt successively with test-tube babies, surrogate motherhood, and AIDS. As so often the "make-believe" process produced declarations and admissions which it is hard to imagine could ever have been dragged out of the participants had they simply been subjected to a normal current affairs grilling.

There were, however, striking differences between the standards and the degree of involvement achieved. The opening programme was the best, and the main reason was that barrister Geoffrey Robertson, who outlines the hypothesis, eases the participants into their roles and then moves the action forwards with successive suppositions.

In Lapping's early series American lawyers made the best moderators gaining, presumably from the dramatic style of presentation acceptable in American courts. Robertson, who always had a lawyer's command of his brief, has subsequently developed a degree of theatricality and an ease of manner. (The Saltzman of *Malina*, an impotent Eastern potentate) etc) in which the hypotheticals tend to indulge.

The Aids programme with American professor Arthur Miller was good but less compelling than Robertson's; and the surrogate episode with moderator Helena Kennedy having, I take it, her first go, was the least successful. The reason was that although there were some extremely good points, the other parts were strongly addressed as their real selves and allowed to answer as such.

It is of the essence that the appearance of pretence, if not genuine pretence, be maintained. The participants are to be as with the suspension of disbelief in a theatre, can the hypothetical take wing.

After *Chess* and *Real Dreams*, yet more TV screens on the London stage, this time a mere seven, bearing the image of Ray Barrett as an Australian politician refusing to sanction an enquiry into the case of a sacked policeman. David Williamson's play, a sort of small-scale "On Travels" programme, in which people who might be involved in some real crisis or moral dilemma meet to discuss and act out a hypothetical case for the cameras, have proved their value repeatedly in the intervening years.

The new trio of programmes last week, entitled *Society, Science and Sex*, dealt successively with test-tube babies, surrogate motherhood, and AIDS. As so often the "make-believe" process produced declarations and admissions which it is hard to imagine could ever have been dragged out of the participants had they simply been subjected to a normal current affairs grilling.

There were, however, striking differences between the standards and the degree of involvement achieved. The opening programme was the best, and the main reason was that barrister Geoffrey Robertson, who outlines the hypothesis, eases the participants into their roles and then moves the action forwards with successive suppositions.

In Lapping's early series American lawyers made the best moderators gaining, presumably from the dramatic style of presentation acceptable in American courts. Robertson, who always had a lawyer's command of his brief, has subsequently developed a degree of theatricality and an ease of manner. (The Saltzman of *Malina*, an impotent Eastern potentate) etc) in which the hypotheticals tend to indulge.

The Aids programme with American professor Arthur Miller was good but less compelling than Robertson's; and the surrogate episode with moderator Helena Kennedy having, I take it, her first go, was the least successful. The reason was that although there were some extremely good points, the other parts were strongly addressed as their real selves and allowed to answer as such.

It is of the essence that the appearance of pretence, if not genuine pretence, be maintained. The participants are to be as with the suspension of disbelief in a theatre, can the hypothetical take wing.

Written in 1988 at the same time as *Miss Julie*, a year after *The Father* had marked a new, savage phase in Strindberg's preoccupations, the piece might equally be called *Predators*. In

## Sons of Cain/Wyndham's

Michael Coveney

feature writer (Anna Volska), and an idealistic sister (Susie Lindeman) whose sister happens to be a drug addict.

The larger frame of reference is that business prospers thanks to a trafficking racket on an old style Chicagoan scale. In this respect, Williamson's play, a sort of small-scale "On Travels" programme, in which people who might be involved in some real crisis or moral dilemma meet to discuss and act out a hypothetical case for the cameras, have proved their value repeatedly in the intervening years.

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Brian Toohey's investigative campaigns on the Australian weekly owned by the Fairfax organisation.

John Noble's production for the Australian Elizabethan Trust is part of an Equity exchange deal that landed hapless Aussies with Ray Cooney's *Run For Your Wife*. I should complain! The best acting is from the girls. Jon Ewing and Donald Macdonald are, respectively, rigidly irate and gleefully malleable as the proprietor and executive, while Max Cullen offers an intriguing but unsatisfactory display of kickstart jump reaction acting that I thought had gone out with the advent of, well, the TV screen.



Jon Ewing and Max Cullen

## Creditors/Almeida

Martin Hoyle

this emotional journey, who gives his trust to Joe Rushmore must control their wives or they will be destroyed. Even exchanging confidences leaves one vulnerable.

The stranger, Gustav, is of course revealed as the ex-husband, one of the emotional creditors whose shadow darkens the present, constantly poised to claim what he is owed from the past: in this case the honour stolen by his wife, Ulrika.

The translator Michael Meyer and an old Strindberg hand, Casper Wrede, have collaborated with the actors on the production. The result is a smoothly polished conversation piece from three of the most intelligent players in the profession.

Suzanne Bertish in what, incredibly, is her first London appearance since her marvellous contribution to the original RSC

*Nicholas Nickleby*, portrays the fatal mistake of one who "knows nothing, but feels" while recalling, beautifully, pictures of Queen Alexandra when young—what a Heide she would make! Mr McDermid is properly aghast at the animal instinctiveness he has unleashed.

Jonathan Kent's pugnacious boyishness, a squashed flower in looks, bespeaks the victim with a bewilderment intensity. Maria Rijnbooms' costumes are handsome; Hildegard Bechtler provides a minimal set—free-standing doorway, fragments of distant landscape against the Almeida's brick walls—for the actors' finely-tuned, cogently spoken exposition of the sex war: between the gloomily glimpsed pragmatic morality of men and the all-devouring selfishness of women. To think Strindberg had two more marriages to go...

## Janacek's Jenufa/Zurich

Andrew Clark

Janacek's refusal to put a gloss on human character and motivation, as much as his musical palette, marks him out as one of the most original and durable opera composers of the past 100 years. The new Zurich production of *Jenufa*, staged by Yuri Lyubimov and conducted by Christian Thielemann, acknowledges this in its paring down of the drama to its essential, almost universal level: all human life is there, and we are invited as fellow travellers, not voyeurs.

No doubt the directness of Janacek's language, bolstered by the choice of the opera's original, less optimistic ending, was what appealed most to Lyubimov in *Jenufa*. The inner life of emotion suits his theatrical temperament far better than much of the other operatic repertoire with which

he has been thrashing his way around Europe in recent years. He still gives the impression of a man who regards opera as nothing more than a play with music, and his sense of the past 100 years, the new Zurich production of *Jenufa*, staged by Yuri Lyubimov and conducted by Christian Thielemann, acknowledges this in its paring down of the drama to its essential, almost universal level: all human life is there, and we are invited as fellow travellers, not voyeurs.

Some favourite Lyubimov metaphors—revolving side panels and black horizon, for example—are apparent in Paul Kocian's open stage design, which relies on a single collapsible flap to suggest the Burya home. Lyubimov gives a seasonal slant to each act—the representation of snow at the start of Act two was especially evocative—and there is the occasional stroke of genius: Lucia's horrified flight at the end of Act one is made into a coup de theatre, well in keeping

with the crescendo of music, and the crowd's discovery of the child's corpse in Act Three is depicted with chilling realism. The only concession to the element are the dances in the first and last act, enchantingly choreographed by Eleanor Fazan.

The production makes use of the overture Janacek wrote and later withdrew, now known as *Jealousy*. It is a good piece of music, as is the original ending, which on this showing had a compressed and starkness that seem more true to Janacek than Kovarovic's version. The advice of Sir Charles Mackerras had been sought on these two parts of the score, though their inclusion appeared to have been dictated more by Lyubimov's concept of staging (with a mime during the overture, for example) than out of a desire for musical authenticity; certainly there was no sign of the Kostelnicka's aria in Act One, out by Kovarovic but included in the WNO performances two years ago.

Thielemann, a young and talented musician currently based in Düsseldorf, conducted with obvious understanding of the score's role as a mentor and voice of emotion. His account was well-paced, if not always mindful of instrumental detail. The singers were easily heard. Jan Blinkhof's Lucia had a vocal and visual ruggedness not inappropriate to the part. Stella Axarlis made the Kostelnicka a more sympathetic figure than usual; she has come to the part at the right stage in her career. Martha Mödl's welcome portrait of Grandmother Burya drew on a lifetime's experience, her tone still distinct though faltering. Beatrice Niehoff sang the title

role with a large lyrical voice of penetrating strength: a highly promising young soprano. All the other parts were strongly cast and representative of this production's vigorous dramatic individuality.

## Theatr Clwyd at the Haymarket

The Theatre Clwyd company, headed by Vanessa Redgrave, will present two Shakespeare productions in repertory at the Theatre Royal, Haymarket, from Monday for a limited season.

Antony and Cleopatra will open on May 26, followed by *The Taming of the Shrew* on June 10. The directors are Toby Robertson and Christopher Selbie. Other members of the cast include Timothy Dalton, Christopher Bowen and Kika Markham.

May 16-22

## Arts Guide

Music/Monday, Opera and Ballet/Tuesday, Theatre/Wednesday, Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

## Theatre

NEW YORK

*Cats* (Winter Garden): Still a sell-out, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically felicitous, but classic only in the sense of a rather staid and overworn idea of theatricality. (239 6322).

*42nd Street* (Majestic): An inmoderate celebration of the heyday of Broadway in the '30s incorporates songs from the original film like *Shuffle Off to Buffalo* with the appropriate study break and heavy hooding by a large chorus line. (977 9630).

*Brighton Beach Memoirs* (46th St): The first instalment of Alan Simon's mix of memories and jokes focuses on a Depression-era Jewish household where young Eugene falls awkwardly in love with his cousin. (231 1211).

*A Chorus Line* (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6290).

*La Cage aux Folles* (Palace): With some useful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and raucous chorus numbers. (157 2625).

*I'm Not Rappaport* (Booth): In moving to Broadway, Herb Gardner's touching, funny and invigorating play about two oldsters retains its stars, Judith Hirsch and Cleveland Little, who almost conquer the world when they think they are just bickering with each other. (239 6290).

*Big River* (O'Neill): Roger Miller's music re-creates this sedate version of Huck Finn's adventures down the Mississippi, which walked off with many 1965 Tony awards almost by default. (245 0220).

*Philadelphia Story* (Armat): Eleanor Renfield, who last directed Peter Nichols's *Passion Play* here, takes on the Philip Barry American classic about a headstrong debutante whose society wedding draws the press to gawk. (485 3200).

*Lost* (Music Box): John Yilling directs this high-spirited revival of Joe Orton's 1960 masquerade farce featuring Zoo Wazzanizer as the homicidal nurse who romances a widower while trying his wife and convincing her that their thieving son is hiding the body. (239 6290).

*Pump Boys and Dinettes* (Apollo Century): Fanciful look at country music and down-home country life with a good beat and some memorable songs, especially one played on kitchen utensils has proved to be a durable Chicago hit. (955 6100).

*Cats* (Shubert): The national tour has stalled here while the T. S. Eliot lyrics

and Andrew Lloyd Webber tunes take extra time with an extended run. Ends May 31. (977 1710).

*International Theatre Festival*: British National Theatre brings *The Cherry Orchard* directed by Mike Alfreds and *The Duchess of Malfi* directed by Philip Prowse to a festival that includes an Israeli company performing Joshua Sobol's *Ghetto*, a Japanese company doing *Trojan Women* and local groups like the Body Politic-Hikers and the immediate Theatre doing Lillian Hellman's *Another Part of the Forest*. Ends May 25. (644 3378).

*Our Japan, Our Summit* (in English): A revue by Abhinav Tokyo's only resident professional English theatre. Comic sketches and music built around a fictitious Japanese family provide material for light affectionate satire. An excellent way to dissipate frustrations, irritations or bemusements—an antidote to the seriousness with which the Japanese view themselves. Starring Stuart Aklin, James House, Jeff Manning. Abhinav Tokyo's intimate theatre, Ebisu. (443 3903).

*Lead Me A Tenor* (Globe): Fresh and inventive operatic farce by new American author Ken Ludwig set in Cleveland, Ohio in 1934. Dennis

Lawson and Jan Francis lead an energetic company in a mistaken identity romp, while Verdie's Oello carries on regardless. (437 1582).

*Blithe Spirit* (Vaudeville): Excellent revival of Noel Coward's comic fantasy about a novelist harassed by his second wife and haunted by his first. Finter's Old Times owes a lot to this play, well directed by Peter Farrow, actor without undue Cornishian reverence by Simon Cull, Joanna Lumley and the alabaster beautiful Jane Asher. (838 9587).

*When We Are Married* (Whitehall): Matchless comic playing from an all star cast in Priestley's comic war-house about silver wedding anniversaries undermined by an inconvenient revelation. Bill Fraser is a drunken Flatlandian photographer and the couple are led by Timothy West and Prunella Scales. The 1930 theatre has been beautifully renovated. (330 7765).

*Nelson Off (Savoy)*: The funniest play for years in London, now with an improved third act. Michael Blake-more's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (330 8888).

*Starlight Express* (Apollo Victoria): Andrew Lloyd Webber's roller-skating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disregarding *Star Wars* and *Cats* are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

*42nd Street* (Drury Lane): No British equivalent has been found for New York's Jerry Bruckheimer, but David Merrick's top-dressing extravaganza has been rapturously received. (838 6105).

*Teach Seed Trilogy* (Albany): Anthony Sher plays Harvey Feinstein's four-hour triptych of the life and loves of a drag queen fighting for emotional and domestic stability. Truthful playing has the effect of cruelly exposing Feinstein's tackily uneven writing. (836 3570).

*Lennon* (Astoria): A not too critical celebration of the life and music of John Lennon that is enjoyable especially for the musical resourcefulness of the cast and Mark McDaniels' Lennon look-and-sound-alike. (734 6277).

*Interpreters* (Queen's): Love among the diplomats, according to Ronald Harwood, has a superb role for the matchless Maggie Smith renewing a cross-cultural affair with Edward Fox in the shadow of a summit between The Soviet Union and Britain. Finest direction by Peter Yates of the West End's best new play of the year. (734 1155).

*Are You Lonesome Tonight?* (Phoenix): More musical biography with Alan Bleasdale's Elvis Presley show using flashbacks and excellent live recreations of the rock and roll hits to express the Martin Shaw's magnificently wrecked and flabby King in crushed velvet jumpsuit has reached this pretty pass. Exploitative, but not strictly for tourists. (838 2229).

## Après L'Après-midi/Festival Hall

Andrew Clements

The French tradition from Debussy to Boulez that Simon Rattle has outlined in his five-concert series with the Philharmonia Orchestra over the past fortnight, has given almost equal prominence to Ravel and Messiaen. The homage ended on Monday with a three-layered programme that included two of the composer's most characteristic scores—Messiaen's *Et exspecto resurrectionem mortuorum* and Ravel's complete *Daphnis et Chloé*.

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## Saleroom/Susan Moore

## Dolls and ducal drawers

A record price for a doll was realised at Sotheby's yesterday. Dating from around 1909, the 22-in well-dressed and neatly dressed nurserymaid was one of the rarest bisque character dolls produced by the German Kammer and Reinhardt factory—less than 50 are thought to have been made. She found a new owner in a French private collector for £24,200, against an estimate of £10-15,000.

Across the Channel, too, went a Jean Patou crêpe-de-Chine cocktail dress of 1928-35, repatriated at over twice the highest estimate, £4,820, by the Patou couturier. The doll dressed by the late Laura Ashley in country cotton sprigs, one of 31 clothed last year by leading British designers and sold in aid of the Save the Children Fund, also returned to its family firm, at £400.

Dramatic Beer and Lancer evening gowns of the '30s were acquired by Ulster Museum, at £1,760 and £1,430. Two Northern European erotic dolls, a male and female pair of about 1770, remained unsold.

A buckskin cowboy suit

reputed to have been worn by the diminutive Alan Ladd—apparently intended for the actor's wax model at Madame Tussaud's—was sold at £1,210 to the theatre producer Ken Wright. No such question mark hung over a collection of monogrammed underclothing, confidently catalogued as owned and worn by the Duke of Wellington. A red silk WS below a corset, marked with a variety of items, including jersey drawers and two pairs of chamois leather under-breeches. They comprised one lot of Wellington memorabilia once in the possession of the Duke's close friend Lady Salisbury, and were acquired by the Shannon Rodgers Foundation costume collection at Kent State University for £1,760.

Three handsome Italian violoncellos failed to reach their reserves at a musical instrument sale at Christie's. Their compatriot, a violin by the Neapolitan Ferdinando Gagliano, failed better, going to a Dutch dealer for £15,120. An English spinet by the London maker Baker Harris of 1778 topped its highest estimate by selling for £12,960.

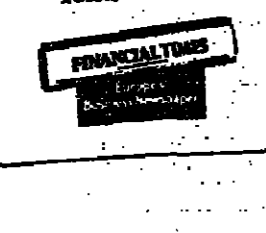
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Wednesday May 21 1986

Shipbuilding  
in decline

THE Thatcher Government seems to have been plagued by industrial headaches this year. The Westland debacle was swiftly followed by the controversy over the future of Austin Rover and Leyland Vehicles. Mr Paul Channon, the Trade and Industry Secretary, is now attracting the wrath of Conservative and Opposition MPs for refusing to renege the three yards that British Shipbuilders plans to close. In each instance the problems of a weak British manufacturing company have pushed ministers into a defensive posture and caused the Government serious political embarrassment.

In the case of shipbuilding, which is the subject of a House of Commons debate today, there is a danger that the critics will misunderstand the significance and cause of the retrenchment and will prescribe inappropriate remedies. The latest closures will reduce British Shipbuilders' total workforce by more than a third; this is a heavy blow for the workers involved and will exacerbate social and economic problems in the regions concerned, but it is not of great significance for the economy as a whole.

Much of the hand-wringing over the decline of traditional heavy industries reflects a sadly outdated view of their economic importance. Once the latest redundancies have been taken place, British Shipbuilders' total workforce will be mere 5,500—about a tenth that of Marks and Spencer. If a big retailer or clearing bank were to announce the same number of redundancies as British Shipbuilders, there would be little comment, and certainly no Commons debate. Any contraction of employment is unwelcome but it is inconsistent to regard it as more serious if it occurs in one sector rather than another.

## Cost advantages

It is tempting for critics to attribute the loss of jobs in shipbuilding to lack of government support for the industry. The UK may not have been quite as generous with subsidies as some other countries but it has still pumped £1.4bn into the state-owned company since 1979. There is little evidence that

more money would have resulted in more orders, given the chronic overcapacity in the industry and the big cost advantages of competitors in the Far East. The global outlook is so depressed that even the market leaders—Japan and South Korea—have been obliged to cut capacity sharply.

NO. 2/83  
British shipyards, like their counterparts in the rest of Europe, are at a cost disadvantage compared to their Far Eastern rivals. Further contraction is inevitable. Continued public subsidies to the industry are not justified in one of two ways: either as a type of regional or social policy or because a significant merchant shipbuilding capability is deemed necessary for strategic or defence reasons. Neither argument looks compelling. It is economically more efficient to displace workers and retrain them than to subsidise production of goods that nobody wants; it does not make much sense to resist the shifts in comparative advantage that cause the decline of established industries.

## Strategic argument

The strategic argument seems equally weak. It is doubtful that the UK needs to be able to build its own merchant craft; why is ship building more strategic than, say, machine tools or high-tech components such as semi-conductors? And even if it could be shown that the UK needs to maintain a reasonable-sized merchant navy, it does not follow that this navy needs to be built in British shipyards. The outlook for British shipbuilding is not encouraging but the industry could still have a future, albeit on a smaller and more specialised basis, and one which is not dependent on government subsidy. As Mr Graham Day, the former chairman of British Shipbuilders, remarked in evidence to a recent House of Lords committee: "Nobody doubts there is a long term demand for shipbuilding but it is not encouraging but the industry could still have a future, albeit on a smaller and more specialised basis, and one which is not dependent on government subsidy. As Mr Graham Day, the former chairman of British Shipbuilders, remarked in evidence to a recent House of Lords committee: "Nobody doubts there is a long term demand for shipbuilding but it is not encouraging but the industry could still have a future, albeit on a smaller and more specialised basis, and one which is not dependent on government subsidy. As Mr Graham Day, the former chairman of British Shipbuilders, remarked in evidence to a recent House of Lords committee: "Nobody doubts there is a long term demand for shipbuilding but it is not encouraging but the industry could still have a future, albeit on a smaller and more specialised basis, and one which is not dependent on government subsidy."

Moderates on  
the defensive

THE INTENSIFIED speculation about another war in the Middle East, particularly between Israel and Syria, owes as much to mood as it does to facts. The military changes on the ground have been minor and there is little or no evidence of physical preparations for war. But as President Hafez al Assad of Syria recently reminded anyone who might have forgotten: "We wish all kinds of disasters to befall Israel, since we are enemies and in a state of war for 38 years—and the Israelis wish the same for us."

What has deepened in the past few months is the passive acceptance that armed conflict, terrorism and civil disturbances are becoming yet more inevitable in the Middle East. There are two basic reasons: one political, the other economic. The political failures are numerous but the most disastrous has been the virtual termination of a Middle East peace process. King Hussein's announcement that he could no longer work with the leadership of the Palestine Liberation Organisation barred what little remained of the plan put forward by President Reagan in September 1982.

Syria has meanwhile failed in its attempt to win agreement for a new constitution in Lebanon which might have reduced that country's explosive potential. Few Lebanese doubt that the simmering civil war will flare up again in the months ahead, with all the attendant risks of dragging in external forces. In the Gulf, the war between Iran and Iraq is entering a more dangerous phase with both sides weakened by five-and-a-half years of fighting and more than ever desperate to achieve something that could be presented as a victory.

## Aggressive talk

It was against this background of turmoil that the US chose to bomb Libya in response to Col Gaddafi's involvement in international terrorist acts. President Reagan then stirred the pot a little more by suggesting that Syria and Iran could show the same fate if they were shown to have been involved in other attacks. So much aggressive talk has increased the nervousness of even conservative Arab leaders already tussling with the impact of the collapse in the world price of oil and sometimes with their own terrorist problems.

Sharply lower oil revenues and the reduction of other cash flows stemming from the main producing states are already posing grave problems for several of the countries closest to the region's main flashpoints. It is most immediate and acute in Egypt, but domestic pressures are also rising in other countries including Jordan, Syria, Tunisia and Sudan. The capacity of the wealthier Gulf States, particularly Saudi Arabia, to provide emergency balance of payments support is limited by their own decline in income.

This combination of political and economic uncertainty has created an atmosphere in which tiny, unrepresentative groups of ruthless men can wreak very great damage. It probably would not matter much who was responsible if there were another terrorist outrage on a US Israeli airliner. The demand for retribution would be such that it might be impossible to prevent another round of bloodshed.

## Calculated risk

These dangers are now so obvious, and so acute in both the short- and long-term to Western interests, that a concerted international effort should be made to reduce the temperature in the region. President Reagan's message on international terrorism has undoubtedly been received, as have the reports of mounting anti-Arab sentiment in Washington. They now need to be offset in order to reassure America's allies in the region, some of whom have felt tarred by the same broad brush.

Mrs Thatcher, the British Prime Minister, will be listened to with great interest when she visits Israel at the weekend. Her message will be of particular relevance to neighbouring Arab countries because of the strong support she gave to President Reagan over the Libyan raid. The Prime Minister won friends on her visit to the region last autumn by her commitment to a negotiated peace and a willingness to take a calculated risk in order to assist the process.

That message—which will also be of benefit to Mr Shimon Peres, Israel's Prime Minister—needs to be repeated more loudly. The moderates in the Middle East are on the retreat. Mrs Thatcher and Mr Reagan must make it clear they will not be abandoned, however hard the extremist fringe attempts to undermine them.

## THE AFRICAN NATIONAL CONGRESS

Mr Botha bombs his  
way to the rescue

By Patti Waldmeir in Lusaka

SOUTH AFRICA'S raids on the capitals of Zimbabwe, Botswana and Zambia earlier this week appear, paradoxically, to have got the African National Congress (ANC) out of a tight diplomatic corner.

For even as South African fighter bombers screamed over Lusaka, the ANC's headquarters on Monday morning, Congress officials were pondering a major dilemma: whether to talk about peace to the group's worst enemies in Pretoria, and risk condemnation from radical young ANC supporters in South Africa's black townships, or to refuse to talk and so jeopardise the international community's growing support for their cause.

ANC officials in Lusaka breathed a barely disguised sigh of relief when they learned that Pretoria had not only raided a UN refugee camp in Lusaka, an apartment block in Gaborone and an ANC office and house in Harare, but had also apparently exploded the Commonwealth's much-touted peace initiative for Southern Africa in the process.

Until Monday, the ANC was being forced by the Commonwealth to decide, for the first time in its 14-year history, exactly when and under what circumstances it would agree to negotiate peace.

The prominence which the Lusaka-Pretoria axis has played in the Commonwealth's plans for solving South Africa's crisis—the so-called Commonwealth eminent persons group visited Lusaka twice to consult ANC leaders and further visits had been planned prior to Monday's raids—highlights an extraordinary turn-around in the organisation's fortunes in the past 24 months.

For since 1984, in the eyes of the outside world and in the view of most black and many white South Africans, the ANC has been transformed from a somewhat obscure liberation movement (disorganised and demoralised by its expulsion from Mozambique, previously the main ANC base for guerrilla operations), to the status of a potential government-in-waiting for post-apartheid South Africa.

The Commonwealth initiative—which called for a ceasefire by the Congress in exchange for the release of political prisoners—was the latest in a series of moves by the ANC in South Africa—has clearly highlighted the new-found respectability of the organisation which is the oldest and most influential underground movement fighting apartheid in South Africa.

But it has also emphasised considerable divisions within the group over the question of the role of violence, the priority to be played by negotiations, in achieving peace in Southern Africa.

It could be said that negotiations of sorts have already begun as each side has been able to feel out the other on important

issues through the medium of an almost-constant stream of South African visitors who have been entertained by the ANC in various southern African locations over the past eight months.

In an attempt to broaden the movement's power base within the Republic, meetings have been held in rapid succession with South African groups ranging from liberal white businessmen and opposition politicians to black trade union leaders.

The first publicised meeting was with a group of liberal white businessmen led by Mr Gavin Kelly, the Anglo-American chairman, last September. Since then the ANC has also met a delegation from the official white parliamentary opposition, the Progressive Federal Party (PFP), while white university students and dissident clerics have consulted with ANC officials. Leaders of the new black trades union federation Cosatu and of the anti-apartheid alliance, the Commonwealth Front (CWF), have pledged common cause.

Even a black homeland leader has turned up in Lusaka. (The nominally self-governing homelands exist to keep blacks out of white South Africa and are viewed by the regime's opponents as one of the more obnoxious aspects of apartheid policy.)

The Afrikaner "Broederbond," the powerful secret society also sounded out the ANC on an occasion in the event, talks with the highly influential "Brotherhood" which counts Government ministers and top politicians of the ruling National Party among its members, were ruled out as representing too close a step to direct negotiations with Pretoria.

The ANC's strategy of consultation has, thus, over the past eight months, gone a long way towards creating an international image for the organisation which belies that of a complete with all the diplomatic trimmings.

The aim, say officials in Lusaka, has been to gather the disparate forces of opposition to apartheid under the broad banner of the ANC, in order to push Pretoria to the negotiating table—as far as possible, on the ANC's own terms.

The idea seems to have been that the regime would be forced to negotiate a new constitutional future for blacks in the new weight of the political forces ranged against it.

What surprised the ANC and many other observers was, until this week, the apparently conciliatory posture of President P. W. Botha. Through his quiet signals of support for the Commonwealth initiative, he suggested that he might be ready to talk to the ANC.

After half a year of playing the relatively passive role of a shrine for liberal and radical South African pilgrims, the ANC was thus forced on to the

defensive. It could accept what most of its members considered the perfunctory hand of peace being extended by Pretoria—and risk losing credibility in South Africa's chaotic black townships where the ANC's aged leadership in exile is already considered too moderate—or it could refuse and face the punishment from London and Washington—an almost certain rejection of the mandatory economic sanctions which the movement has long advocated.

ANC officials say privately that their dilemma was one of presentation rather than substance: they stress that even moderate members of the group's national executive (which met for three days last week to debate the issue) were not tempted by President Botha's apparent offer. Monday's raids will have only confirmed them in their belief that, given Pretoria's violations of its non-aggression pact with the ANC and continuing military engagement in Angola, the regime cannot be trusted.

ANC officials insist that until they are convinced that South Africa's rulers have accepted the principle of the transfer of political power to the black majority, the two sides will have nothing to discuss. Before Monday's raids, officials were intensely sceptical that President Botha had yet accepted this principle; now they are firmly convinced that he has not.

If President Botha's aim was to try to drive a wedge between the moderate nationalists and the Communists on the national executive; between the exiled leadership and its supporters in the townships; and perhaps between those who run the organisation in exile and its spiritual leader, Nelson Mandela, he has not succeeded. But the potential for deep divisions along all three axes clearly remains a serious threat for the future.

President Botha's recent overtures to the majority nationalist faction in the ANC leadership to sever its contacts with "communists" on the executive and return home to join him at the conference table appears to be a crude "divide and rule" tactic which for the moment has little chance of success.

Members of the pro-Moscow South African Communist Party and their non-card-carrying colleagues on the executive are believed to be the relatively few in number. (The highest estimate by diplomats is one-third; President Botha says the figure is 63 per cent) but very influential.

Leading SACP member the Slovo is believed to be the organisation's chief military strategist and executive member Mac Maharaj, also understood to belong to the SACP, plays a powerful role in the leadership. It is one of the movement's most articulate spokesmen.

Oliver Tambo, the soft-spoken lawyer who is the ANC's president is decidedly not a Communist Party member—politically he would be comfortable within the British Labour Party.

ANC officials remain committed, in public and private, to the concept of the movement outlined by Mr Mandela prior to his imprisonment 20-odd years ago. The ANC, he said, is to be a "parliament of the African peoples, accommodating people of various political convictions all united by the common goal of national liberation."

Theoretical divisions, they say, are a luxury which cannot be afforded at this stage.

But should President Botha decide in the near future to legalise the activities of the movement in South Africa—while almost certainly maintaining the current ban on the SACP—the strength of this apparent unity could be tested.

Potentially a far more serious rift is that which appears to be developing between the exiled leadership and increasingly uncontrollable youths in the embattled black townships. While the majority of township youths clearly pay homage to the symbols of the ANC—its flags, its songs, its leaders—few ANC officials would claim that they exercise direct control over their activities.

Officials say privately that they believe President Botha was attempting to exploit this potential division as well as the movement's already tenuous support in the townships would clearly have been jeopardised by any move which could be portrayed as a capitulation to the regime—such as the unilateral renunciation of violence which Pretoria is demanding—while serious doubts must remain over whether the Congress would have been able to keep such a promise in any case.

The third potential division is far less clear, but nonetheless preoccupying for the ANC: the danger that despite apparently excellent underground communications with the group's imprisoned leaders on Robben Island and in Pollsmoor prison near Cape Town, the jailed leaders will begin to differ from the exiled ones on matters of policy.

According to sources close to the Commonwealth team, there is already evidence of such a division: Mr Mandela is reported to have told the Commonwealth group that he considered their proposals a "useful starting point" at a time when decidedly more negative signals were coming from Lusaka.

Opinions on the proper timing of any future negotiation—and the role of the armed struggle in achieving this liberation goal—can be reached widely across the loose coalition of nationalists, social democrats, democratic socialists and Communists which makes up the ANC. But after Monday's talks, it is difficult to see the movement abandoning the leverage

it now exercises through the long as real political power is held by the black majority, pro- promises from Pretoria: tions far minorities may be negotiable, they say.

Nonetheless, while the chance of early talks must remain slim, prospects for a future "moderation" between the two sides must permit a ray of hope.

For the first time in many years, even hardliners on the ANC are floating the idea that it could accept a form of interim power-sharing with the regime as a step to its eventual goal of political system based on "one man, one vote in a unitary state."

ANC leaders have indicated privately that they may be prepared to accept a temporary guarantees for minorities in a new South African constitution—perhaps along the lines of the 20 entrenched white seats guaranteed under Zimbabwe's independence constitution. As

For all these internal differences, the ANC remains, like other pre-independence nationalist movements in Africa before it, a broad based coalition determined not to lose sight of its first and most important goal: a majority rule government.

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US privacy  
grounded

Americans, who, like the English, tend to regard their homes as their castles, will henceforth have to be a bit more careful about what they get up to in their own backyards.

The US Supreme Court has ruled, in *Frisbie v. Scher*, that it is all right for Government investigators to use aircraft to snoop into private property, including fenced gardens, without a search warrant. The dissenting minority regard the decision as a serious threat to the privacy of the home, where it is "most cherished in our society."

The ruling arose partly because the authorities used what is known as "warrantless aerial surveillance" to check a Dow Chemical company complex for air pollution.

But the case that has attracted more attention involved a Californian who was growing marijuana in his back yard, protected (or so he thought) by both a 10-ft and a 6-ft fence—until the police flew over at 1,000-ft and photographed his crop.

The dissenters argued that it would have been unconstitu-

## Men and Matters

Fulham's new chairman will be David Bulstrode, a former senior executive with the finance house Slater Walker which crashed in the 1970s, and now chairman of Marler Estates.

The Clay family (Ernie Clay and sons Godfrey and Gregory) are selling their 75 per cent of the Fulham club to S. B. Property.

As the two clubs are less than 2 miles apart, Chelsea expected to find itself sharing the Fulham ground within a year or so.

Marler already has planning permission to develop the Chelsea site for residential property.

It could be a sensible deal to provide a shared ground for two football clubs facing uncertain futures.

But approval still has to be obtained from a small number of interested parties whose nuisance value could far outweigh any shareholdings they might possess.

They are the hard-core Chelsea supporters whose violence has become legendary in Britain and Europe. Will they like going to Fulham to support their heroes? What will Fulham make of them?

## Cease fire

The chances of Italy imposing a total ban on shooting have become a real possibility.

A coalition of environmental groups have in the last six weeks succeeded in collecting 500,000 signatures to a petition for a referendum in which Italians would be asked to vote on the abolition of shooting.

As every visitor to Italy knows it is a rarity to see a wild bird or animal in the countryside, though in Rome in recent spring weeks there has

been a rather feeble dawn chorus.

The reason is that the country is at the mercy of 1.5m marksmen, who shoot almost anywhere, irrespective of private property rights, at a range of birds that includes thrushes, blackbirds and sparrows.

The season for many species is far longer than it is in most European countries.

For the referendum to go ahead it must first be approved by the constitutional court. There may still be a last-ditch attempt at staving off agreement at reaching between the opposing forces.

The proposed legislation would drastically change the law, reduce the length of the season, ban three-shot guns, outlaw the killing of certain species, and abolish such practices as the netting of live birds "for scientific purposes."

But it is by no means certain that a referendum vote would go in favour of abolition. In Italy shooting is the sport of the poor, and of townships and of the big political parties.

From Christian Democrats in the centre to the Communists on the left, they are all firmly in favour of shooting—although some of their members would prefer it to be done with a little moderation.

## High notes

If Mrs Thatcher is looking for fresh evidence of Britain's affluence at the present time she might find it in the Bank of England's annual report on the bank note issue.

There is a marked trend towards high value denominations. At the end of February, £20 and £50 notes accounted for 29 per cent of the value of notes in circulation—a 2 per cent increase on last year. And for the first time the £20 notes in circulation added up to more than the £5 notes.

It suggests that we're all working around with slimmer but more valuable wallets. I expect Neil Kinnock to claim that it's all the fault of inflation.

Observer



Trevor Humphries

Nelson Mandela, the spiritual leader of the African National Congress, has been in jail for over 20 years. Last year, Mr Oliver Tambo, the ANC's president, visited London for the unveiling of a Mandela statue.

it now exercises through the long as real political power is held by the black majority, pro- promises from Pretoria: tions far minorities may be negotiable, they say.

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## US takeovers

## Why the 'arbs' are under fire

By Barry Riley,  
Financial Editor

Ivan Boesky

MR IVAN BOESKY emerged earlier this month as the owner of 9.8 per cent of the stock of Sperry Corporation — worth something like \$400m — as he and many other Wall Street risk arbitrageurs piled into the latest American takeover opportunity.

They were confident that the Burroughs/Sperry deal would continue the highly profitable run enjoyed by many arbitrageurs — sophisticated short-term speculators who concentrate mainly, though not exclusively, on takeover bids.

The arbitrageurs have been so successful that many US investment banks and other institutions have moved into the game. But opposition to the narrow short-term activities of these traders is mounting just below the surface.

Two weeks ago it came out into the open when Citicorp Bank, a newcomer to the field, moved to restrain the activities of its arbitrage team after a boardroom debate.

And within the last few days a more serious threat to the feverish Wall Street climate of arbitrage and speculation has emerged with the sensational accusations of criminal insider trading levied by the Securities and Exchange Commission, the statutory US regulatory agency, against Mr Dennis Levine, a mergers and acquisitions specialist at Drexel Burnham Lambert.

The suggestion is that many of Mr Levine's controversial dealings arose through contacts with the arbitrage fraternity. It is widely feared that other Wall Street operators will be caught in the SEC's net.

The concerns arise as the arbitrageurs look back on an unprecedented period of prosperity and expansion. They have pulled in huge sums from an increasingly wide field.

In March, Mr Boesky, reckoned to be the biggest operator in the business, wound up his old corporation and launched a new investment partnership called Ivan F. Boesky and Company. He is reputed to have raised at least \$10m, and though he will neither confirm nor deny this, he emphasises that much of the money has come from respected financial institutions, including pension funds, both in the US and abroad, as well as wealthy private individuals.

Others are also raising money from institutions. One of the medium-sized securities firms, Oppenheimer, says that it has pulled in \$120m since last September for an institutional arbitrage fund, including a private client fund and the firm's own money. Oppenheimer's arbitrage department now manages a pool of money totalling about \$400m.

Foreigners, too, are dabbling

in the business. The British merchant bank Morgan Grenfell set up an arbitrage team 18 months ago in New York, headed by a Briton — an ex-corporate finance director. "It's been a terrific success," says Mr Keith Harris, managing director of Morgan Grenfell Inc, the British bank's New York outpost.

Although more money has been going into arbitrage, which might be expected to dilute the returns, the level of takeover activity has been rising too. Moreover, there have been fewer losses from the unexpected breakdown of deals.

Consequently profits have been high. Oppenheimer, for instance, claims a return of 22 per cent between September and March, and April was "super" according to Mr Eric Rosenfeld, head of arbitrage.

"We've been on an incredibly lucky streak," he says, but he does not see arbitrage as essentially a speculative activity. He tries to diversify through as many as 50 different positions at any one time. "I don't think it's risky when done as a business."

The most controversial aspects of arbitrage are the attempts to precipitate takeover bids through the accumulation of large stakes, or even the use (much denied) of insider information. Some argue that such activities should not even come within the definition of arbitrage.

In fact the core of the business is the juggling of risks and returns once a bid has been announced. Typically, there is a huge turnover in Sperry stock once the Burroughs approach had been made public, as institutions sold out and the "arbs" eagerly bought in.

It is chiefly the risk aversion of US investment institutions that makes it all possible. Many are concerned to lock in an investment gain at an early stage of a takeover bid. They do not appear to be greatly concerned that this means forgoing the benefit of the higher offers which usually come later.

The reason may be that the fund managers are fearful of being sued by beneficiaries in the unlikely event of the withdrawal of the bid, and a subsequent collapse in the price of the stock. To this end, they are willing to pay some "insurance premiums" to the arbitrageurs.

The variety of investment instruments open to the arbitrageurs in US markets is also important to their success. Options are traded in many individual stocks, and more broadly based options and futures contracts are also available in a variety of interest rates and stock indices.

It is interesting that it is apparently much more difficult to make money through merger arbitrage in the UK, although some US arbitrageurs dabble in the British market.

The tendency of British institutions to hold on until the closing stage of contested offers leaves less room for the arbitrageurs to build up worthwhile positions. Moreover, the actions of the UK Monopolies Commission and the Takeover Panel are not easily predictable.

In the end, the limiting factor for arbitrage in the US could be that too much money will be chasing too few situations, or that the political environment will change, possibly in response to the kind of insider

trading scandal which has now alarmed Wall Street.

Meanwhile, as the Chemical Bank episode has shown, resentment by Corporate America over the activities of the arbitrageurs is strong. Notions of shareholder loyalty in the US have been shattered because of the eagerness of institutions to take their money and run.

The arbitrageurs may be willing to hold out for a higher price, but continued independence for the office company is at that stage no longer an option. Arbitrageurs now reckon that 80 to 95 per cent of situations in which companies are "put into play" result in a takeover.

For example, by the closing stages of the bitterly contested Hanson Industries bid for SCM, which ended early this year, some 60 per cent of the stock of SCM had passed into the hands of the arbitrageurs. This process, admits Sir Gordon White, Hanson's chairman, is "tremendously helpful" to bidders.

Whether arbitrageurs offer a service to the community by injecting liquidity into the stock market and allowing institutions to sell readily, or whether they undermine the US economy by forcing corporations to manage only on the basis of short-term objectives, are issues which are hotly disputed.

What is certain is that arbitrage has become one of the most reliable money-spinning activities on Wall Street. But it has also created resentment, and many US industrialists would be more than happy if enough scandal could be whipped up to cut the arbitrageurs down to size.

The UK economy  
New light on price rises

By Robin Marris

TWO statistics dominate economic reporting: the level of unemployment and the inflation rate. Most of us, with varying clarity, understand the connection between them — that fear of renewed inflation is the obstacle to expanding real demand and reducing unemployment. But what lies behind the Retail Price Index, which thus governs our economic destinies? We know it is an average of price changes among many commodities. Are there persistent leaders? Can we identify a "competitive" sector of the economy (eg. the "grey economy") where prices, being more influenced by the balance of demand and supply, are less influenced by cost-push?

In pursuit of such questions I decided to try to make use of the more detailed data available in the Department of Employment Gazette and other official publications. What I found was not, in Byron's words, "that which I sought", but, I believe, equally interesting.

My first discovery was that if a distinctive "competitive" sector exists in the British economy today, an outsider cannot observe it. Government statisticians revise the RPI to incorporate a range of different types of "price-regimes" (from supermarket to barrow-boy), but the way the index is categorised forestalls the kind of dismemberment I needed. Not unreasonably, the index's categories relate to kinds of consumer need, not kinds of markets.

So instead I calculated annual inflation rates for each of the 150 published categories back to 1973. Then I arranged them in inflationary order. I found that in place of a contrast between "competitive" prices and "administered" prices there seemed to be a marked distinction between the behaviour of publicly-administered prices, on the one hand, and what for what a better adjective may be called "private" prices on the other.

In the former group I included any items whose prices are dominated in one way or another by the acts and policies of nationalised industries, of central or local government, or of central or local government employees. The exorbitant prices of alcoholic beverages, for example, is so high that the price of a pint of beer is almost as much a government-set price as is council house rent. Similarly, although mortgage interest

rates represent the price of a service rendered by private lenders to house-buyers through the intermediary of the building society, this apparent "market" price is in practice dominated by general money rates, which are in turn dominated by central government monetary policy. Thus the main RPI items included in the "public" category are rents (which in the RPI are mainly council rents), mortgage interest payments, rates, car and TV licences, phones, rail fares, and drink and tobacco.

The RPI item for mortgage interest reflects the rate of increase of nominal interest rates. The excess of the item's inflation rate over the national average inflation rate is thus a measure of the growth of real interest rates. This growth, as can be seen by comparing the mortgage interest row with the "all items" row has been sharp throughout the period.)

Defining "public" prices in this way does not mean treating the government as monolithic. The present central government, while keeping up interest rates and indirect taxes, which are public prices at the same time exhorts local government to restrain the rates, which are also public prices.

The distinguishing feature of the prices included in my "public" category is not that they are all set in one way but rather that the forces setting them are not the market forces

of supply and demand. Subject to a qualification, the private sector was then defined as "all other." The qualification is energy. Because the 1973-82 inflation, both in the UK and worldwide, was triggered by the doubling of crude oil prices so-called second oil shock (referred to between 1973 and 1980), I created a separate sector of energy items including not only oil, but also coal, gas, electricity and petrol. Corresponding nationalised industries were therefore not included in the "public" sector.

The private sector was further divided (see table) into services and goods, and the latter were subdivided into food, clothing, cars, and "other." (Behind all this lies data gathered by the Department of Employment relating to about 20 items of services, 90 foodstuffs, a dozen clothing items and maybe a score of "other" goods.)

The results are, I think, quite striking. Both in 1973-82, when inflation was rampant, and in the subsequent period, when it was stable (and also in 1985 itself), the public items persistently led. The proverbial man from Mars, studying the table alone, would reach the simple conclusion that our inflation is largely caused by our Government!

This is rather hard on a Government which believes its policies to be anti-inflationary. The interest rate is high to pro-

test the exchange rate. The exchange rate is protected to restrain domestic prices, and so on.

Keynesians and "wets" (the two are not synonymous — one can be a very dry Keynesian as Keynes himself, were he alive today, almost certainly would be) argue that the exchange rate and interest rates are too high and domestic demand too low to permit the rise in exports and domestic output needed to reduce unemployment. Sophisticated Government supporters retort that if the Government lowered taxes and nominal interest rates, while letting the nominal exchange rate slide, domestic inflation would accelerate to such an extent that neither interest rates nor the real exchange rate would, in the event, decline, so no expansion of real demand. Instead of accelerating inflation and general chaos, the only solution, according to this view, is to soldier on until inflationary expectations have been finally ground out of our society.

But what I think my table shows is that this "sophisticated-Thatcherist" argument itself contains a Catch 22. The policy, by creating a state of affairs where "public" inflation, responsibility for over a quarter of the weight of the Retail Prices Index, is always ahead of private inflation, is itself a significant factor in the perpetuation of inflationary expectations: to a considerable extent, the reason why earnings, both of public and private employees, push inexorably upwards, is the general belief that inflation is permanent. And a major cause of that belief is the apparently permanent inflation of "public" prices.

This doleful conclusion does not win back the argument for the "wets." It puts the ball back in their court. She who wishes to escape Catch 22 must change the rules. A familiar scheme of rule changes in the Great Inflation Game is known as "prices and incomes policies". The problem then departs from the sphere of economics and becomes entirely political. The "wets" who follow this route may end up, according to history, locked in mortal combat with the unions, out of office or dry.

The author is Professor of Economics at Birkbeck College, London University.

## ANATOMY OF UK INFLATION

Average inflation rate, 1978 to 1985\*

	Per cent weight 1985-86	Per cent 1978-82	Per cent 1982-86	Per cent 1985-86
Energy items	11.5	17.8	5.2	2.6
Mortgage interest	4.4	30.2	6.4	18.4
Rent/rates	7.4	19.5	7.4	8.9
Drink/tobacco	11.2	14.5	7.6	6.8
Post/phone	18.0	15.8	3.0	5.0
Other	1.5	10.2	9.3	9.4
All "public" items	26.7	17.4	7.4	9.4
"Private" services†	13.2	14.1	5.7	6.7
Food	19.0	10.8	3.6	3.2
Clothing	7.5	6.1	2.1	3.4
Cars‡	5.5	10.0	2.2	2.2
Other goods	16.6	10.3	5.1	5.1
All "private" goods	48.6	9.8	3.7	3.8
All "private" items	61.8	10.7	4.1	4.4
All items in RPI	100.0	13.1	5.1	5.5
Imported goods		7.4	5.6	-3.6

\* Based on Retail Prices Index in January each year. † Rail fares, car, radio set TV licences. ‡ Includes car maintenance and insurance restaurant meals. § Comparable models: purchase prices, new and second-hand.

## Inheritance tax and trusts

From Mr N. Powell

Sir, — The Finance Bill's effect on charitable trusts has received much attention, but there has been little public comment on the bill's treatment of private family trusts. While abolishing capital transfer tax on lifetime gifts between individuals, the Government appears to have decided to continue charging tax on lifetime gifts to and from family trusts (with limited exceptions in the case of trusts for people under 25 or the disabled). The reasons for this decision have not been given.

The bill's proposal flies in the face of everything that was said by ministers when they were in opposition and debating the capital transfer tax introduced in 1973. The present Prime Minister, the present Chancellor and other members of the committee which debated the 1975 Finance Act were adamant that the tax burden should fall fairly as between property owned by individuals outright and property held in trusts. They put down many amendments to secure this result. As Mr Nicholas Ridley then put it: "What is good enough for persons is surely good enough for trusts."

After assuming office, the Conservative Government made an exhaustive study of the action of trusts. In 1980 it issued a consultative document on "Capital taxation and settled property." This made clear that the approach of giving parity of tax treatment to trusts "stems directly from the fact that adopted for estate duty from 1914 onwards, and can perhaps be said to have stood the test of time." After canvassing ways of changing the system, the consultative document concluded that no more satisfactory method could be found. It also made clear that no representations had ever been received against the principle of parity of treatment between property owned outright and property held in trusts.

As the bill stands, a man will be able to make a trust for life for a child aged 24 tax free. If the same thing is done for a child aged 25 there will be an immediate tax charge.

The tax on releases and gifts out of trust will especially affect will trusts set up under the old law. Some widows will have been left with the family home, the family business, or the family farm outright by their late husbands. These will be able to pass them on free of tax (subject to surviving seven years). Many others will have been left the property in trust for life, and these will have to pay tax on giving up their limited interests. This distinction in the tax treatment appears absurd. Furthermore, even if the Government has

## Letters to the Editor

decided that trusts are to be discouraged, why should a penalty be imposed on bringing them to an end?

Without any explanation the Government seems to have abandoned its own careful study of CTT and settled property, and the principles fought for and accepted in 1975. The new tax regime will operate arbitrarily and unfairly on families who have been influenced to order their lives by principles clearly laid down by this and previous governments.

N. R. D. Powell,  
Curry and Co.,  
21, Buckingham Gate, SW1.

## Combating terrorism

From Mr B. Steward

Sir,—It is perhaps significant that criticism of your editorial on Libya comes (May 15) from an Englishman resident in Washington. If he lived here he would know that opinion polls show that the majority of the British people (whatever "respectable" papers they read) fully support your enlightened and carefully reasoned views. They have learned from experience that war solves nothing and benefits nobody, and that violence breeds violence, and that indeed the resort to war as a method of settling disputes has become an anachronism. It may have seemed the right way for ancient Britons to behave, or even in this age for the Reagan Administration, but it is not the way now or in the future if humanity is to survive. The suggestion that the Libyan adventure should be followed in Northern Ireland is too ludicrous to contemplate.

B. A. Steward,  
Morden House,  
Old Ekestrasse, Suffolk.

## Councillors and the surcharge

From the Vice Chairman, Islington SDP

Sir,—Richard Evans suggests (May 10) that London councillors potentially subject to surcharge have all been re-elected. This is wrong.

In Islington alone eight members of the former Labour group were defeated at the polls on May 8. A further two were defeated, Margaret Hodge herself would have been defeated if they had dared to face the voters in the wards

they represented for the last four years. And in sharp contrast to the national trend towards Labour, Labour's share of the vote in Islington fell by several percentage points.

Richard Evans also suggests that the district auditor might decide not to press charges because many of the councillors concerned have now been re-elected. I hope he is wrong and that the auditor himself will write to deny that he is influenced by these purely political considerations.

Mary Campbell,  
6 Grange House,  
Highbury Grange, NS.

## Local election results

From Councillor A. Vos

Sir,—I presume that Peter Riddell, your Political Editor, in his analysis of the local election results (May 15) was not setting out a definitive list of seats where the Alliance is challenging the Tories and came ahead in the local elections.

If he was, it is extremely surprising that he omitted the results in the Hazel Grove Constituency (part of Stockport metropolitan borough) where the Alliance share of the vote was 43.2 per cent. Conservative 35.4 per cent and Labour 17.8 per cent.

Since the Alliance was only 2,000 votes behind the Conservatives at the last General Election and Hazel Grove is one of the best half dozen hopes of a gain from the Conservatives at the next General Election, this omission is even more puzzling.

(Councillor) Andrew Vos,  
2 Chadwick Cottages,  
Romiley, Manchester.

## Politics in Cambridge

From Councillor T. Barnes

Sir,—I was interested to note Councillor Duff's letter (May 15), which seems to show a degree of political maturity, normally lacking in his public utterances.

His comments regarding the 33 per cent rate increase was somewhat surprising — but, none the less, welcome — as during the recent election campaign he, and his colleagues, were claiming that the minority

Labour group and the Tory Government were the "real culprits."

Perhaps the election results have caused the Alliance to face the political truism that "... if you claim to be in charge you have to accept the responsibility..."

As for his comments concerning the results of three city wards, what he failed to say was that in two other marginals (East Chesham and Cherry Hinton) in spite — or maybe because — of the intervention of Shirley Williams the Alliance vote collapsed. (Councillor) Tony Barnes,  
Litchfield,  
Cambridge.

## Pollsters and pundits

From Mr N. Winterton MP

Sir,—Pollsters and pundits have really been having a field day following the local authority elections last week. Weird and wonderful predictions for future government have been made, but none seem more incredible to me than the one forward by Peter Riddell (May 15) relating to the Macclesfield constituency in Cheshire.

He suggested that if the recent local election results were extrapolated to predict the next General Election, then the constituency of Macclesfield, which I have represented for 15 years, would be gained by the Alliance. Mr Riddell should really have done his homework a little better before putting pen to paper.

Too many political journalists seem to make profound judgments and statements from a state of virtual ignorance of reality. The fact is that my majority in Macclesfield is the fourth largest Conservative majority in the country, and, following the recent local government elections, Macclesfield remains the only Conservative controlled local authority in the whole of north west England!

My vote at the last General Election was almost 60 per cent of the turn out and I can assure Mr Riddell that I do not happen to be one of those Members of Parliament who sit on their backside and take a majority for granted.

Even had the local election results been as gloomy as Mr Riddell portrayed the fact is that they cannot realistically be extrapolated to predict a General Election position as Mr Riddell being a lobby correspondent and experienced reporter should have known. Campaigns, issues, turn-out and results differ tremendously between the local and national Government and I am sure that I can look forward with confidence to continuing to represent Macclesfield in Parliament for some time to come.

Nicholas R. Winterton,  
House of Commons, SW1.

This financial director is happy to report  
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## Channel tunnel legislation delayed in UK

By Michael Cassell in London

BRITAIN'S legislative timetable for the Channel Tunnel Bill was thrown into further confusion yesterday by a decision that will force the Government to hold a House of Commons debate on the issue.

The fresh uncertainty, which will add to the Government's embarrassment over the Bill's rough procedural ride, follows yesterday's split decision by the Commons Standing Orders Committee on whether it should give dispensation to allow the Bill to proceed.

The Bill, introduced after the signing of the Anglo-French Treaty to build the £3bn (£7.5bn) fixed link, is in breach of deadlines governing hybrid legislation and needs special permission to go any further. The Government has set a March 1987 target for the bill to become law.

After a two-hour hearing, at which opponents of the tunnel project called for delays that might have seriously disrupted progress on construction, the standing orders committee was divided five to five on whether to let the bill proceed or to allow more time for protesters to assemble their case. Objectors, who claimed the legislation was being "stampeded" through Parliament, included the Dover Harbour Board, Sealink, European Ferries, the Transport and General Workers' Union and the National Union of Seamen.

Mr Harold Walker, chairman of the committee and deputy speaker of the House of Commons, said it would have been "invidious" for him to decide the issue and that it would be referred back to the House.

The Government is now expected to seek an early debate in order to limit any further delay in the bill's progress.

The wording of any motion put before the House will be important but, despite the prospect of a backbench revolt from Conservative MPs, with constituencies affected by the project, ministers now expect to get the bill back on course.

Eurotunnel, the Anglo-French consortium that plans to build the Channel link, said yesterday it was impossible to gauge the extent of any further delay.

The continuing uncertainty will not be welcomed by the consortium or its financial backers, but there is relief that the standing orders committee did not adopt the proposals of the protesters, who believed a prolonged consultation process might have delayed legislation long enough to threaten the entire project.

Opponents of the tunnel had called for an eight-week period, after the bill's second reading, in which protesters could lodge petitions with the select committee appointed to consider the bill. They also suggested that Eurotunnel would have to prove its case for the bill before the committee, which should not be allowed to sit until November.

## Thatcher faces pressure on S. African sanctions

By Robert Mauthner, Diplomatic Correspondent, in London

A DECISION by Britain and the other Commonwealth countries on whether to adopt further sanctions against South Africa will depend on a reply by Pretoria within the next few days to proposals by a Commonwealth group for a dialogue between blacks and whites in South Africa.

British officials were expecting the reply to be sent by Pretoria in spite of the international furor provoked by the South African military attacks on Monday, which were widely seen as jeopardising the Commonwealth's mediation efforts.

Although Mrs Margaret Thatcher, the British Prime Minister, yesterday continued to reject sanctions, in accordance with long-standing British policy, it is clear that she is finding it increasingly difficult to defend Pretoria's actions.

That will depend on the outcome of a high-level, seven-nation Commonwealth meeting expected to place in London at the beginning of

August, possibly at Prime Minister's level. The meeting will have before it the report of the so-called Eminent Persons' Group (EPG) which has been trying to set up a dialogue between blacks and whites in South Africa.

The Commonwealth heads of government, who set up the group at their meeting in Nassau last October, agreed that if, after a review of the position in the middle of this year, it was found that adequate progress had not been made towards democracy in South Africa, they would consider the adoption of further measures.

Although Mrs Thatcher did not subscribe to the specific measures outlined, such as a ban on air links with South Africa and a ban on new investment or reinvestment of profits earned in South Africa, it was left open whether Britain would consider other measures.

Mr Juan Ponce Enrile, Defence Minister under Mrs Aquino and previously under President Ferdinand Marcos, yesterday condemned the move as an unjustified seizure of private property. Several other cabinet members are believed to share his view.

The decision was made on Monday by the Presidential Commission on Good Government, formed to track down assets linked to Mr Marcos. After weeks of investigation during which several share stakes have been sequestered, it now holds more than half of San Miguel equity and intends to assume control of the company's board.

The deal at the centre of the dispute involved the sale of San Miguel's Hong Kong brewery to Anheuser-Busch, the Budweiser and Michelob beer group of the US. That was to finance the purchase of a 31 per cent stake in San Miguel by a group led by Mr Andres Soriano, a member of the family that founded the company in 1890.

The anti-corruption commission says the stake was effectively owned by Mr Eduardo Cojuangco, a Marcos business associate. It has previously sequestered an 18 per cent stake owned by Mr Cojuangco through 23 companies, and in recent days seized another 2 per cent holding.

But yesterday, Mr Enrile insisted that the 31 per cent stake belonged to the country's coconut farmers and that halting the transaction unfairly damaged their interests.

Mr Enrile is also chairman of the United Coconut Planters Bank (UCPB), which had held the disputed shares as trustee. Mr Cojuangco was vice chairman and president of UCPB before he fled the country when Mr Marcos fell.

The commission insists the seller is Mr Cojuangco. It points out that Mr Soriano, who is acting chairman of San Miguel, originally said the deal was aimed at removing an "antagonistic block" of shares, only to argue later that the shares belonged to coconut farmers.

Other cabinet members, apart from Mr Enrile, are none the less believed to have supported the deal, if only on the grounds that to stop it constituted unwarranted interference in the business affairs of a public company, an important principle for the new Government.

For the commission, which is headed by Mr Jovita Salonga and backed by more left-leaning cabinet members, the issue is whether the Government should continue to tolerate potentially dubious business practices. Any decision by Mrs Aquino to overrule the commission would be a sensation.

The full effect of the action is still unclear. The Anheuser deal will no longer go through, while the Soriano group will presumably forfeit the pesos 500m (\$24.4m) downpayment it borrowed from banks headed by Hongkong and Shanghai Banking Corporation.

The commission will meanwhile vote the 51 per cent stake now in its possession and install eight of its people on the 15-member board of San Miguel.

## San Miguel share deal causes split in Aquino Cabinet

By Chris Sherwell and Samuel Senoren in Manila

A DISPUTE over control of San Miguel, the biggest manufacturing group in the Philippines, yesterday seriously split the three-month-old cabinet of President Corason Aquino.

Divisions within the Government came to a head after the official veto of a \$165m share transaction involving the brewery and food company. The issue forms the first key test of the corruption-free industrial policy pledged by Mrs Aquino, and threatens to deepen a rift between the left and right wings of her party.

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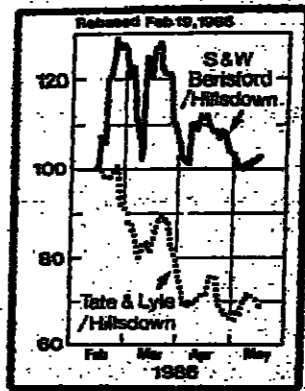
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## THE LEX COLUMN

# Berisford turns to treacle



Taking a broad enough view of the public interest can justify referring almost any deal to the Monopolies Commission for a thorough investigation. And if Hilldown's offer for S & W Berisford was to be referred, it evidently needed to be on the basis of something wider than strict competition policy.

In the event that something emerged from the pile of conditions under which Berisford first acquired its best-sugar monopoly five years ago, it seems that before any larger group can buy British Sugar the Berisford conditions will have to be reviewed and possibly reimposed. For Hilldown this may be a considerable setback.

That apart, the double reference looks like a triumph for the lobbying skill of Tate & Lyle, which can look forward to six months of refining its position in front of the commission and possibly to coming out at the end with something to show for its trouble. But anyone who bought Berisford shares on the bid has been duly punished for taking a gamble.

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main business, and sales volume is still growing, after like for like expansion of 3 per cent last year. Sainsbury has underperformed the sector by 6 per cent this year. Yesterday's 8p rise in the price to 386p has not so much corrected this trend as supported the competition.

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## Three groups race to issue sterling commercial paper

By Peter Montagnon, Euromarkets Correspondent, in London

HAWLEY, the UK services group, Redland, the building materials concern, and PHH, a US transport company, yesterday won to race to issue sterling commercial paper in London on the first official day of trading.

So great was the pressure to be first past the post that Citicorp said it began selling paper for Hawley under a newly established £100m programme in the small hours of yesterday morning - just after legal obstacles to the development of a market were formally lifted.

Sale of commercial paper, which represents short-term negotiable corporate borrowings bought directly by investors in the money market, had until yesterday been banned in the UK because of restrictive provisions in the Banking Act. These have now been lifted.

Though the total amounts sold yesterday were small, ranging down from just under £15m for Hawley, bankers said the paper met strong demand, especially from UK institutions such as pension funds and insurance companies. It was sold at rates close to, or marginally cheaper than, those available in the competing eligible bill market.

Mr Len Harwood of Citicorp said he had sold £10m of Hawley's paper. He said demand from investors would have been sufficient for sales of at least £25m. Hawley also issued paper yesterday through Merrill Lynch.

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## French bourse 'could absorb' FF40bn annual asset sales

By David Marsh in Paris

THE FRENCH equity market should be able to absorb asset sales of about FF40bn (\$5.6bn) a year as planned under the Government's privatisation programme, according to Mr Yves Le Portz, president of the Commission des Opérations de Bourse (COB), France's stock exchange watchdog.

Delivering his annual report on the state of the country's capital markets, Mr Le Portz stressed yesterday that the FF40bn target for asset sales next year, recently indicated by the Government, could be realised only if terms of denationalisation were carefully tailored to meet market demand.

He pointed out that France's equity and bond markets had last year absorbed new issues totalling FF389.9bn, 30.7 per cent up on the 1984 figure of FF298.4bn. This pointed to the enlarged capacity of the markets, he said. Mr Le Portz stressed that some of the privatisation programme should be carried out through increases of capital of state-owned banks and industrial companies rather than through outright flotations of the Government's holdings.

Last year's issues comprised FF73.2bn in new share issues, FF30.7bn in bonds and FF9.7bn in non-voting loan stock.

The Government has been basing its increased target for future privatisation sales on the greatly increased absorption of the Paris bourse for non-voting shares issued this year by nationalised companies and banks.

The COB's annual report made a plea for quoted companies to improve flows of information to the public to meet demands of the expanding Paris financial markets. It cited Moulinex, the troubled manufacturer of kitchen appliances, and Majorette, the Lyons-based miniature car company, as having fallen down on requirements to keep the investing public informed of setbacks in their performance.

Control eased on French Telecom, Page 2

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## Burroughs sets deadline for Sperry bid

By Paul Taylor in New York

BURROUGHS, the US mainframe computer group, has set a deadline of 5pm today for Sperry, its smaller rival, to accept an improved \$75-a-share (\$4.35bn) cash and paper takeover offer. The higher bid came as Sperry called off merger talks and accused Burroughs of acting in bad faith.

Burroughs' sweetened offer, increased from its original \$70-a-share bid, appeared designed to put maximum pressure on Sperry's board. Mr Michael Blumenthal, Burroughs' chairman, yesterday made public the latest bid in "Dear Jerry" letter dated May 19 and addressed to Mr Gerald Probst, Sperry's chairman.

Mr Blumenthal said Burroughs' review of financial data supplied by Sperry during the unsuccessful merger talks did not validate Sperry's \$80-a-share asking price. The Burroughs chairman added: "In the interest of a swift and amicable transaction, we are prepared to increase our offer to \$75 per share."

However, Mr Blumenthal warned: "Our proposal is conditional upon prompt completion of the merger agreement, Sperry not having taken any action which would decrease its value to us, and approval of the transaction by the Sperry board no later than 5pm [New York time] Wednesday, May 21 1986." He added that Burroughs was prepared to resume negotiations immediately.

Burroughs released the letter in the wake of the bitter Sperry response to the collapse of the merger talks, which began last Friday after Mr Blumenthal said his company was willing to negotiate "a meaningful increase" in its offer price.

In a press statement issued yesterday, Sperry claimed that Burroughs representatives had told Sperry orally that that meant a price "north of \$75" and that Mr Blumenthal would stay in New York over the weekend to complete such negotiations.

"In response to Burroughs' initiatives, Sperry agreed to meet with Burroughs on the mutual condition that a transaction valued at \$80 a share could be achieved, subject to Burroughs' review of certain Sperry financial information," Sperry said yesterday.

According to Sperry negotiations continued on Saturday during which Sperry gave Burroughs "favourable financial information," including the group's current cash position and its financial projections.

Sperry said the negotiations went well until Burroughs tabled its \$75-a-share offer, which Sperry said "violates the explicit understanding upon which Sperry commenced negotiation and is evidence of bad faith."

Sperry added that it remained committed to pursuing "all appropriate options" to enhance shareholder value.

Responding to the Sperry statement later yesterday, Burroughs said it was "mystified" by Sperry's response to its cash and paper bid.

In early New York trading yesterday, Sperry shared 54 to 57 1/2, the new bid left the arbitrageurs hopeful of yet higher terms. Burroughs eased 5 1/2 to \$58.

Feature, Page 12; IBM's new products, Page 21; Norsk Data share purchase Page 23

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## World Weather

Wednesday May 21 1986

1250

# Finland

ECONOMY • TECHNOLOGY • INDUSTRY

Conflict on the labour front aroused fears that the traditional Finnish policies of stability and consensus were beginning to fade. A wage settlement has now been hammered out between the government, employers and the unions

## Pact ends the turmoil

FINLAND has endured a long and difficult spring as one conflict after another has broken out on the labour market. The central bank has faced a hard fight to combat repeated speculation against the currency and the steeply falling oil price has threatened to leave a deep mark on the country's trade with the Soviet Union.

The Finnish tradition of consensus, that has been so carefully built up in recent years, has come under pressure and at one point it appeared that the long period of relative industrial peace was about to be broken by a long and costly general strike in manufacturing industry—on a scale that had not been seen since the 1950s.

The strike did break out, but it was short-lived and appeared to have caused no lasting damage to the established Finnish practice of negotiated incomes policy.

The threat was serious enough, however, for Mr. Mauno Koivisto, the President, to intervene with a warning to the employers and the unions of the long-term dangers the conflict threatened. The President claimed that a new situation was emerging in Finland. The policies of stability and consensus were fading away and new configurations were being sought in the labour market.

The President's warning had the desired effect and within days the leaders of SAK, the blue collar workers trade union confederation, and STK, the Finnish employers federation, were gathered in the Govern-

ment's banqueting hall together with Mr. Kalevi Sorsa, the Prime Minister and Mr. Esko Ollila, the Finance Minister, to celebrate a new tripartite wage settlement.

As has become customary in Finland the agreement covered not only wages and conditions but also included a package from the Government including measures for economic stimulation, tax reliefs and improved social benefits.

Finland's rather corporatist By Kevin Done  
Nordic Correspondent

way of solving its economic problems often appears to leave the Finnish parliament, the Eduskunta, out on a rather lonely limb. But it should be said that it has helped to bring Finland substantial benefits in terms of industrial and social stability for more than a decade.

Although the country's economic prospects are now less favourable than they have been for several years this is only to say that Finnish growth rates are no longer outpacing the rest of the OECD area.

In the period from 1982 to 1985 the growth in gross domestic product has been relatively constant at around 3 per cent a year and during the same years Finland has managed to keep unemployment well below general European levels. The jobless rate has risen only marginally from 5.9 per cent in 1982 to 6.3 per cent in 1985.

At the same time Finland has

tried manfully to break out of its previous devaluation cycle by trying to bring its rate of inflation and cost increases down to the levels prevailing in competing countries. Inflation has declined sharply from 12 per cent in 1981 to 5.9 per cent in 1985.

The trend has continued downwards with a rate of 4.5 per cent in January and hopes of achieving a 1986 average increase of 3.25 per cent, with an even lower trend by the end of the year of 2.5 per cent in December.

During much of the recent period Finnish monetary and fiscal policies have been counter-cyclical, a stance that has met with much success; but this strategy is now coming under increasing pressure. The central bank has been forced to keep money market rates high—higher than would be justified in the interests of encouraging a faster tempo of investment—so as to counter speculation against the Finnish markka in the foreign exchange markets.

The central bank was forced to make a partial retreat in late May with a technical adjustment of the currency basket amounting to a mini-devaluation of about 2 per cent. It remains to be seen how well its nerve holds in coming months or whether political and market pressures for further adjustments of the currency become irresistible.

Meanwhile, it is argued by many in Helsinki that the model of social and political organisation built up since the mid-1960s will have to be re-



Worker at a paper mill. Finland is having to move faster to restructure its established industries

formed or modernised to respond to the demands of a changing society. Signs of the wish for change were clearly visible in this year's wage negotiations.

Traditionally it has been the blue-collar workers organisation SAK that has set the most important markers and has taken the lead from the unions' side in the national income policy negotiations. The strength of SAK is still considerable, but as the public and service sectors grow the white-collar workers in Finland—as elsewhere—are beginning to wield new influence.

It is no accident that the most difficult problems to emerge in the Finnish labour market in recent years have been among white-collar workers and in the public sector.

It was like waving a red rag at a bull in this year's wage negotiations when the employers suddenly announced a national agreement with the white-collar workers before any settlement had been reached

with SAK.

The blue-collar workers felt that their position as the leaders of the Finnish labour movement was under direct threat and began to mobilise for a national strike. The gulf that opened up between SAK and the white-collar workers' organisations posed difficult problems for the Social Democrats, the leading party in the coalition government, as they appeared to have to choose between supporting one set of allies in the white-collar workers' organisations or their traditional supporters in SAK.

In the event it was the employers who seemed to back down in the face of the threat of a prolonged strike in manufacturing industry. Fears of losing market shares in Western markets through protracted industrial conflict was clearly a strong motive to settle, but it also appeared that the employers had not quite thought through the full implications of their actions of allowing the white-collar and public-sector settlements to lead the wage

### The economy in figures

	1981	1982	1983	*1984	*1985
Gross Domestic Product—current market prices (markkas/bn) ( % change)†	218.5	245.2	274.4	308.3	337.6
Gross Domestic Product—constant 1980 market prices (markkas/bn) ( % change)†	196.0	201.8	207.8	214.0	220.1
Unemployment rate	5.1%	5.9%	6.1%	6.2%	6.3%
Rate of inflation (year-to-year change in consumer price index)	12.0%	9.3%	8.4%	7.1%	5.9%
Exports (merchandise) (markkas/bn) ( % change)†	60.3	63.0	69.7	80.9	84.0
Volume Index (1980=100)	103	100	104	114	115
Imports (merchandise) (markkas/bn) ( % change)†	61.3	64.5	71.5	74.7	81.4
Volume Index (1980=100)	94	95	98	98	104
Balance of Trade (merchandise) (markkas/bn)	-961	-1,725	-1,836	+6,223	+2,616
Balance of payments—current account (markkas/bn)	-1,730	-3,898	-5,227	-2,560	-4,000
Budget deficit before loan transactions (markkas/bn)	2,866	-5,705	-8,501	-4,087	-3,611
Convertible foreign exchange reserves at end of period (markkas/m. equiv.)	7,458	9,005	8,195	18,830	22,359

\* Some figures preliminary. † Calculated before rounding.

Source: Finance Ministry.

round. Fear of stepping on to new ground without thinking through the consequences had clearly worried President Koivisto, but at the same time it cannot be ignored that again this year it is in the public sector that the biggest labour problems are to be found.

By late May the Government was being forced to consider legislation to end the strike by more than 40,000 civil servants that had dragged on for more than a month and a half, hitting rail, air and postal services. (The civil servants' strike even meant that the President had to leave the presidential palace because of the absence of key services.)

The final form of the spring national income settlement with a two-year wage deal and agreement on a cut in the working week to 37½ hours by 1990 has preserved the status quo for the moment, however, and there are still powerful forces in Finland that wish to defend the consensus system.

In a speech last year Mr. Max Jakobson, formerly a leading Finnish diplomat and for nearly a decade until 1984 managing director of the Council of Economic Organisations in Finland, prophetically described the pressures for change building up in Finland and the possible dire consequences of moving from consensus to confrontation.

"Recent discussion has managed to produce the magic feat of making broad understanding seem like a national misfortune and strife and disension the road to salvation. Criticism of current policy is not aimed at its results but at the procedures being followed. What could be the alternative to a policy which is aimed at strengthening our nation's international competitiveness, curbing inflation, and in this way improving employment and maintaining a high standard of living?"

"An alternative is of course available: it is the alternative of a debt spiral, growing budget deficits, tax increases, sharpening political conflicts and industrial struggles."

Some of the seeds for sharpened conflict are perhaps already being sown unavoidably in factors such as the decline of Finland's Communist Party—which is almost bound to lead to an increased non-socialist majority in the Eduskunta, the Finnish parliament, at the next general election in March 1987—and the inevitable shifts in the relative strengths of the different trades union organisations.

Pressures for structural change are also emerging elsewhere in Finland and not least in industry and the financial sector, as the country seeks to keep abreast with changing

international markets and to hold its own in the development of high technology products.

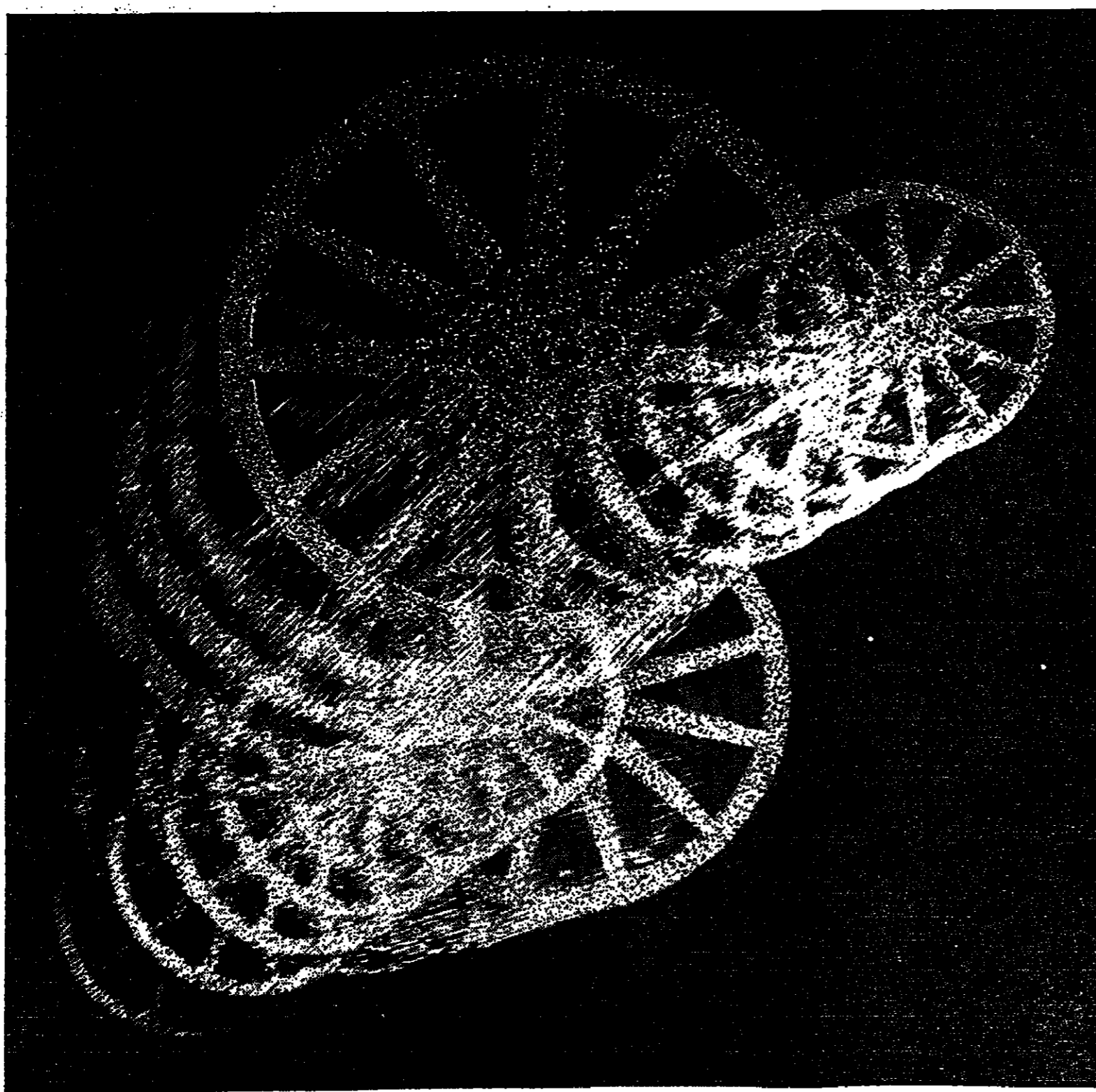
According to Mr. Pentti Varti, director of the Research Institute of the Finnish Economy: "The export potential of the country still consists largely of products for which, and is directed towards regions where, the markets are growing rather slowly in the long run. For example, the share of high-technology products, the markets for which are growing very rapidly, is small in Finnish exports."

"One reason for this is that as regards allocation of resources for investment in research and development, Finland has lagged behind the other Nordic countries."

While Finland is having to run quickly to try not to be isolated in the technological race, it is also having to move faster to restructure existing industries and to build companies of sufficient scale to compete in international markets.

The process is now under way and the initial wave of direct foreign investments both in acquisitions and the establishment of new ventures abroad is now being combined with restructuring at home, with major mergers not least in the forest products and banking sectors.

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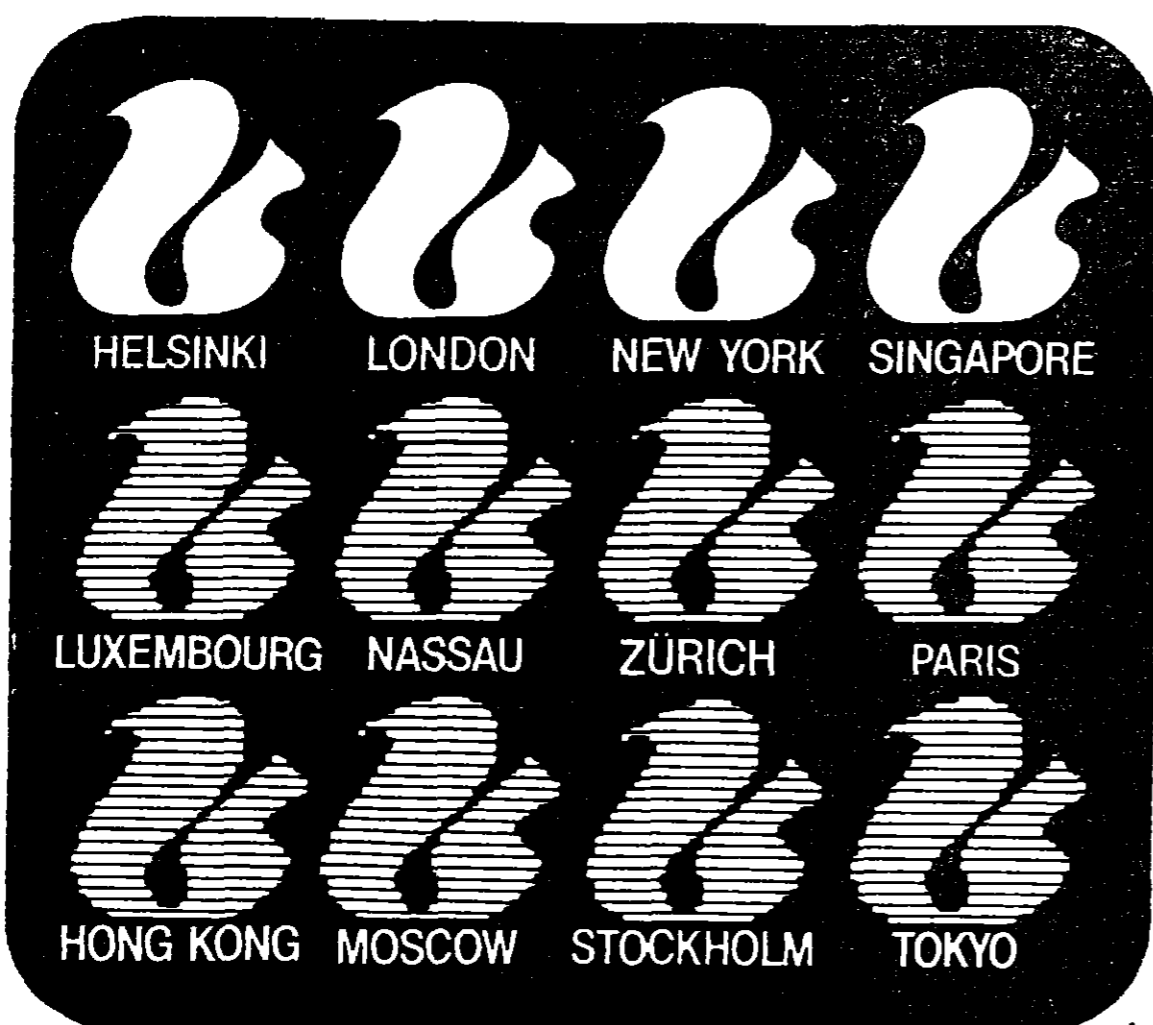
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## FINLAND 2

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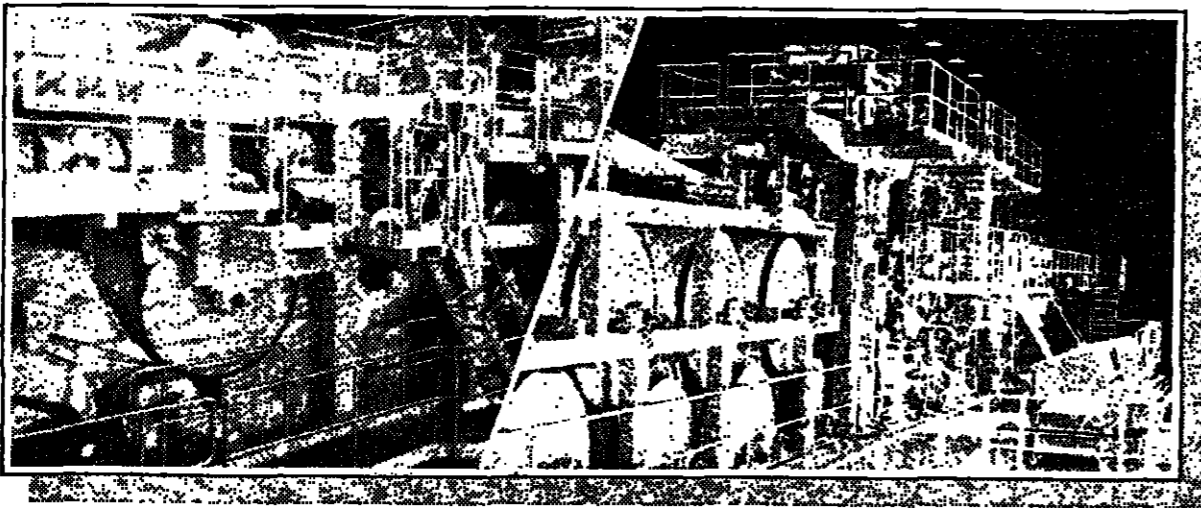
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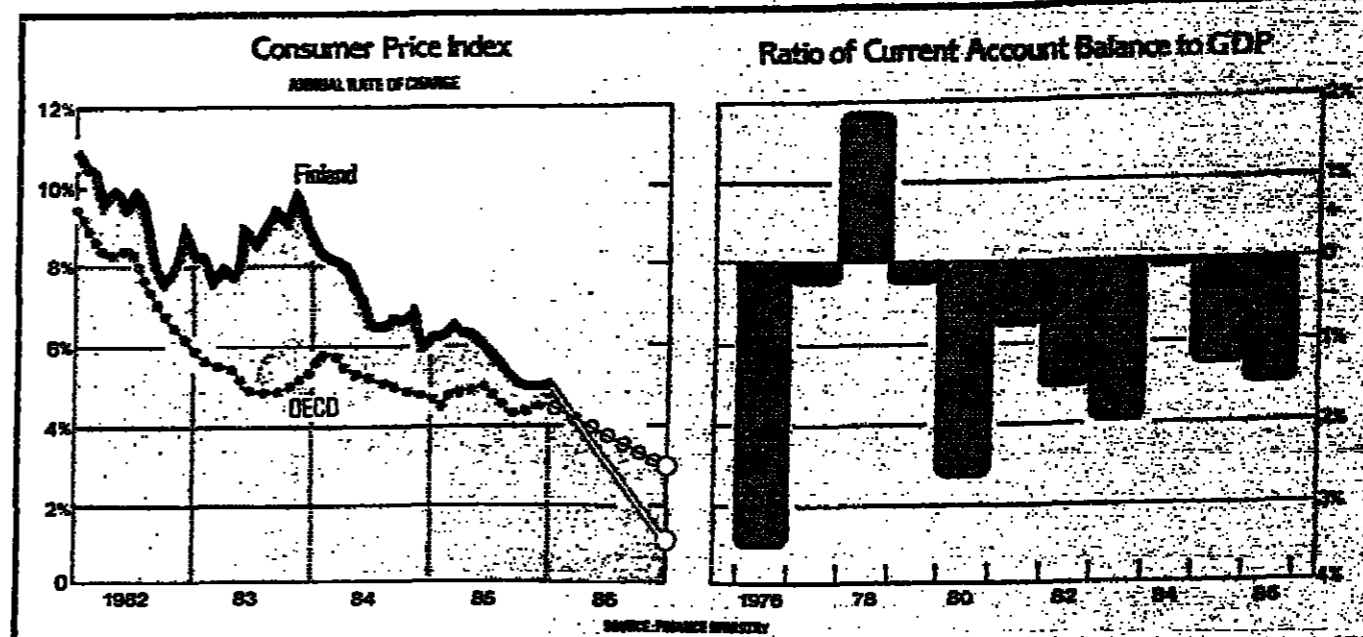
Valmet and KMW together make up a leading position in the paper machinery business. Their product range is complementary — Valmet's printing and writing paper profile is combined with KMW's tissue know-how — and so is the geographical presence. Valmet in Finland and Canada, KMW in Sweden and the US. The total sales of the Valmet Paper Machinery Group will amount to approximately 500 million USD in 1986 and this, as well as the supporting personnel resources, will give it a pole position in the global paper machinery market.

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## Setbacks for balanced growth

### Economy

KEVIN DONE

SINCE THE mid-1970s the Finnish economy has expanded at a rate faster than the average for the industrial countries, and for a long time Finland seemed to have mastered the trick of achieving balanced growth while gradually reducing inflation and maintaining relatively low unemployment levels.

As last year's OECD report observed: "Looking back over the five years which have elapsed since the second oil shock, the improvement in Finland's economic performance compared with the aftermath of the 1973 shock is striking. The result is all the more impressive when viewed in relation to the OECD as a whole or to the rest of Europe."

Suddenly, however, the outlook no longer appears to be quite so rosy. The Finnish economy suffered a decided turn for the worse towards the end of 1985. The rate of growth decelerated considerably, exports suffered a setback and unemployment appeared to be on the increase.

According to one senior official of the Finnish central bank: "This is a real test for Finnish economic policy, and the test is just beginning when we come into difficulties."

The economy, which had been expanding at around 4 per cent in the first half of 1985, slowed to only 2 per cent in the second half. On the brighter side, however, inflation was falling and approaching average levels for the rest of the OECD.

The precipitous decline in oil prices, so welcome in most industrial countries, poses a Finland a major threat to the level of the country's vital bilateral trade with the Soviet Union. This trade has served as an important stabilising factor during the first half of the 1980s, a period when Finland has been better able to cope with the second oil price shock and has outperformed the rest of Europe.

Trade with the Soviet Union — it accounts for 20 to 25 per cent of Finnish exports and imports — has become the Soviet Union's second most important trading partner after West Germany — has to balance over the medium term. However, Finland's imports from the Soviet Union are dominated to an overwhelming degree by energy, chiefly crude oil.

During all the years of rising oil prices and then a rising US dollar, Finland has been able to rapidly increase the volume of its exports to the East, but now suddenly that prop appears to have been kicked away. According to the Finance Ministry, exports to the Soviet Union could fall by 5 per cent in volume this year and by fully 20 per cent in 1987.

The weakening of the US dollar has served to exacerbate the oil price decline and the problems of trade with the East, but it has also undermined the competitiveness and profitability of industries exporting to the West, such as the pulp and paper sector, which still accounts for close to 40 per cent of Finland's export revenues.

The forest industry has been hard hit too by high labour costs and high real interest rates. The high cost of capital is seen by the Finance Ministry as one reason for the fact that investments generally did not expand as expected last year.

Instead of the 3.5 per cent growth in gross domestic product expected in 1985, Finland had to make do with an estimated economic growth of 2.8 per cent.

For 1986, the latest estimate is a GDP growth of about 2 per cent helped by the package of economic stimulation measures agreed by the government as its part in the income policy settlement reached in March. Such a growth rate would be considered respectable in many parts of Europe, but in Finland it could be the lowest rate of economic expansion for nearly a decade.

The 1986 wage round has proved to be a fractious experience and Finland went to the brink of industrial conflict on a scale the country has not experienced since the 1950s. At the last moment the unions and employers pulled back from the edge, however, and the tradition of consensus rather than confrontation which has been established gradually since the 1960s survived.

Despite the national framework agreements reached

during March between the employers and the central trades union confederations, trouble on the labour front has continued to rumble on in a limited way during much of the spring and early summer, with a prolonged strike by 42,000 civil servants, and strikes by 10,000 electricians — with a lock-out of a further 7,000-10,000 construction workers, and a smaller number of power station workers.

Briefly, in early March Finland was plunged into a far more worrying general strike which threatened to close down virtually the whole of manufacturing industry.

The prospect of prolonged labour unrest began to fuel speculation about an imminent Finnish devaluation, but a settlement was reached before the conflict could inflict any real damage (otherwise a tight monetary policy and high real interest rates have kept speculation against the currency at bay).

The labour market agreement in mid-March removed a major element of uncertainty that had been clouding prospects for Finland's economic development during the next two years, and the relatively moderate wage settlement allowed the government to step in with a package of measures to support growth in the short term.

The major sticking point in the negotiations between SAK, the blue collar workers' central organisation of trades unions, traditionally the most powerful trade union organisation in Finland, and STK, the Finnish employers' association, was the question of shorter working hours.

With a sharply-falling inflation rate, SAK accepted that there was only a limited margin for nominal wage increases this year and decided to concentrate instead on qualitative issues by pushing the case for a 35-hour week. The employers strongly resisted the demands for a cut in working hours, unless such a move was accompanied by the trades unions agreeing to greater flexibility.

To the unions "flexibility" meant giving the employers the right to insist on longer working hours at times of peak demand and shorter hours during slack periods. "That

would have meant scrapping all existing working time arrangements and all the legal arrangements we have," says one senior SAK official and was clearly anathema to the unions.

In the face of a general strike in the private sector the employers backed down and finally granted further cuts in hours without any guarantee from the unions of future movement on the flexibility issue. The agreement finally reached in March will run for two years and should guarantee peace on the working hours issue at least until 1990.

The total reduction allowed will be equivalent to 8.5 working days per year by 1990. As a result, the 40-hour week for Finland's workers will have been reduced to a 37.5-hour week by the end of the decade. The reductions will be made in stages: 16 hours per year in 1987, 1988 and 1989 and 20 hours in 1990.

Together with the earlier reductions agreed for 1985 and 1986 in the previous two-year national pay deal struck in 1984, Finnish workers have managed to win a cut in working hours of 100 hours per year over a period of five years.

The employers have also agreed to establish a special working group to study what progress is made on realising claims for a 35-hour week in other countries.

The question that remains to be answered is how costly the whole package will prove to be for Finnish industry and how far it will undermine Finnish competitiveness in international markets.

The basic agreement allows for a 2.4 per cent wage and salary increase in 1986 and 2.6 per cent in 1987, but the employers claim that one carry-over from previous agreements and wage drift are included, gross earnings for industrial workers will rise by 6.1 per cent in 1986 and 5.7 per cent in 1987.

The Finnish employers' confederation estimates that employers' labour costs will rise by as much as 7.5 per cent this year, once increased social costs and this year's reduction of working hours are included.

At the same time, however, productivity is still rising fast in Finland thanks to very high investment levels in recent

years, and a productivity gain of about 4 per cent is forecast for 1986. Despite this compensation, the employers expect Finland's unit labour costs relative to the OECD to increase by as much as 2.5 per cent as a result of the national pay deal.

Such a development could easily have accelerated the loss of foreign market shares, and the government was forced to take steps in its part of the national income policy settlement to ease the problem by reducing industry's costs burden.

As part of general measures to help export industries it is changing the method of energy taxation to a value added system, a step that will cut industry costs by about Fmk 1bn. The government estimates the move will have an effect equivalent to a devaluation of about 4 per cent.

To ease the passage of the incomes settlement the Finnish government has come up with stimulatory measures worth about Fmk 2.6bn — much of which will take effect in 1987 — including the energy tax reform, Fmk 700m spending on public works projects and house building, income tax cuts of Fmk 1.5bn and a freeing of Fmk 4bn of investment reserves placed by companies in blocked accounts at the central bank from 1984 earnings.

Finland has managed to keep a prudent control of state finances — in marked contrast to some of its Nordic neighbours — and at around 14 per cent of GDP, Finnish state debt is probably the lowest in the whole of the OECD.

The deflation policies have to be handled with caution, however, because of worries about a negative development in the current account which showed a deficit last year of Fmk 4bn instead of being in balance as earlier expected. A further deficit of Fmk 4.5bn is expected this year as a result of falling export prices.

On the positive side inflation, which averaged some 5.9 per cent in 1985 is expected to fall to about 3.5 per cent in 1986 with a year-on-year increase by December of only 2.5 per cent. That should ensure an increase in real wages in Finland this year of at least 3 per cent.

## From start to Finnish.



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## Banks hold the power

THREE THINGS about Finland's business structure are particularly striking: the role played, for such a small country, by relatively large companies (including the state-owned companies); the extraordinarily powerful position held by the two biggest commercial banks; and the rapid internationalisation of Finnish industry over the past few years.

To take the third point first, the trend towards internationalisation came later to Finland than to the other Nordic countries for the good reason that Finland only industrialised later, after the second world war.

In the past few years the Finnish companies have been making up for lost time. They have been especially active in investing in Sweden, with Finnish direct investment in Sweden exceeding investment in the other direction for many years now.

Significant examples over the past year are metal producer Outokumpu's acquisition of the Granges copper-smelting facilities from Electrolux; chemical company Kemira's acquisition of Esso ammonia plant in Holland and a titanium oxide plant from American Cyanamid in Savannah, Georgia; and Noida's acquisition of Mohawk Data Sciences subsidiaries in six European countries.

Finnish manufacturing is dominated by two sectors: the forest industries, which account for about 38 per cent of export earnings, 20 per cent of value added and 14 per cent of the labour force; and the metal and engineering industries, which account for about 36 per cent of exports, 35 per cent of value added and 35 per cent of the labour force.

The structure is changing gradually, as the predominance of the forest industries is reduced by the faster growth of other sectors, a trend which is likely to continue.

A handful of very large companies—Wärtsilä, Nokia, Kone, Tampella, Kymi-Strömberg, United Paper, Ahlström, to name a few private companies, and Valmet, Enso-Gutzeit, Outokumpu, Neste, Kemira and Rautaruukki among the state-owned group—loom very large in the overall picture of Finnish industry. There seem to be relatively few medium-sized companies compared with other smaller European countries, but a very large number of small ones.

Among the reasons for the existence of the large companies is, of course, the importance of economies of scale in the capital-intensive forest and metal-processing industries. Another factor was the forced development of the shipbuilding and engineering industries in the first post-war decades.

Finland is not only a free-enterprise economy, but its constitution, which requires laws affecting property rights to be passed through the parliament with a five-sixths majority, was deliberately designed in 1919 to keep it that way. It is slightly surprising, therefore, to learn how important is the role of the state-owned corporations.

The state-owned companies, which include Finnair, the airline, Imatran Voima, the power utility, and Alko, the state monopoly alcohol business, as well as the industrial companies, account for about a quarter of the value added and 14 per cent of the labour force.

They were not formed, however, in order to nationalise particular industries (Valmet

function between the politician's vote-maximising role and the chairman's duty to profit-maximise becomes blurred, and the political chairmen spend more time lobbying the government for money to maintain non-profitable operations than they do in ensuring that the company is running efficiently.

Following a couple of particularly noticeable cases of lobby activities by corporate chairmen in the early 1980s, a statement of principles for the state-owned companies was adopted in 1983, under the inspiration of one of the outstanding personalities in Finnish public life, Mr Bror Wahlroos, who is permanent head of the Ministry of Trade and Industry.

The principles emphasised the duty of companies to make enough money to pay a respectable dividend to the state, as well as asserting the primacy of the state-owned companies as the main task of the chairman of the supervisory board.

Ask Finns where the real power lies, however, and most of them say without hesitation: with the banks.

The power of the banks arises from two basic factors. First, banks are permitted to own up to 20 per cent of the equity in other companies. Second, the tax system has discriminated heavily in favour of savings in the form of bank deposit accounts and against the development of the equity market, which means that the banks are a main source of capital.

Two banks dominate Finnish banking, Union Bank and Kansallis-Osake-Pankki. Each has substantial equity holdings in the largest privately-owned corporations.

Very little happens in Finnish business in which the two top bankers, KOP's Jaakko Lassila and Union Bank's Mika Tiivola, do not have a crucial say, and the banks will often initiate rescue, management shake-outs, mergers and even the structural reorganisation of large parts of industry.

Everywhere one goes in Helsinki this spring, there are posters of Lassila (assuring a housewife that the bank can solve all her problems) and Tiivola (telling a bank assistant how wonderful it is that Union Bank has swallowed up the Bank of Helsinki) beaming down like benevolent uncles. But no Finn is fooled by the sweet smiles; they know that probably no two other men in Finland carry such clout.



Control room in a paper mill. Export industries such as pulp and paper are being helped by government measures to ease energy taxation

## Need to adjust exports

FINLAND IS one of the few non-oil-producing countries which will not immediately benefit from falling oil prices. This reflects the fact that it imports most of its energy products from the Soviet Union, with which trade is conducted bilaterally and on the principle that it must balance.

Falling oil prices therefore mean that Finland's exports to the Soviet Union—all other things being equal—will fall.

These prospects face Finnish industry with the need to make a rapid readjustment in their export priorities if the total level of their exports is not to stagnate or even decline over the next couple of years, particularly for those sectors most dependent on the Soviet market, such as machinery and clothing producers.

In 1973, when the first world oil shock came, the Soviet Union accounted for about 12 per cent of Finland's foreign trade. The share increased rapidly over the next few years as Finland increased its exports to the Soviet Union to pay for the oil and oil products which it imports from the Russians.

In 1983 the share of the Soviet Union in Finland's foreign trade peaked at 25-26 per cent. Last year it was down to 21 per cent, and is expected to fall sharply in 1987 (there will probably be some decline this year as well, but there is a rubles 300m clearing account—or credit—which will act as a buffer for Finnish exports this year).

The structure of Finland's trade with the Soviet Union has not changed much over the years. About 90 per cent of Finland's imports from the Soviet Union consist of raw materials and over 80 per cent

of crude oil and oil products. On the export side, almost half the total consists of the products of the machinery and transport equipment industry, with exports of ships, worth FM 4.1bn in 1985, playing a major part; paper and board, FM 3.2bn; miscellaneous consumer goods, FM 2.6bn; and chemicals, FM 1.1bn, are the other major export items.

In the past, large construction projects on the Soviet side of the border, carried out by Finnish companies and Finnish labour, were important, but with completion of the giant Kosta-

would fall by about 20 per cent in 1987.

"The message we have been getting from the Russians in the past few months is that there is no cause for alarm," says an official at the Finnish Ministry of Foreign Affairs. According to the official, there would be some increase in imports (petrochemicals, raw materials for the chemical industry and metals are on Finland's list of possible items); exports would be slightly reduced and there would be flexible use of the clearing account to smooth out Finland's trade surplus over an adjustment period.

Other possible sources of increased imports are natural gas, of which Finland already imports about 1bn cubic metres. Imports could be increased if the Helsinki city council decides in favour of gas for home heating, which it is expected to do. A third Soviet nuclear power reactor to join the two already being operated by the state power utility Imatran Voima is another possibility.

The forest industries are not so seriously affected by this process of readjustment. Only about 12 per cent of their total exports of FM 29.8bn last year went to the Soviet Union. But almost half the clothing and footwear exports, totalling FM 4.2bn, went there, as did 40 per cent of the machinery sector's exports, worth FM 21.1bn.

It will not be easy for either of them, geared as they have been for the past decade to expansion in exports to the Soviet Union, to make the sudden switch towards Western markets.

## Significant time of change

Politics  
KEVIN DONE

ON THE surface Finnish politics is enjoying a period of unparalleled stability. The present four-party coalition government, led by Mr Kalevi Sorsa, the leader of the Social Democrats, appears set to establish a post-war record by serving the full four-year term.

Given the earlier turbulence of Finnish politics—the average life of a Finnish government is still little more than a year—the coalition of Social Democrats, the Centre Party, the Swedish People's Party and the Rural Party, which was formed after several weeks of intense negotiations in the wake of the March 1983 election, has shown a surprising resilience.

Even when the faces in Finnish governments have changed rapidly, the composition of the parties in power has been more consistent, however. Finland has actually been ruled by coalitions formed around the partnership of the Social Democratic and Centre Parties for most of the period since 1937.

Despite its present apparent tranquility, the Finnish political scene is currently going through a period of significant structural change, however, as a result of the decline and interminable internal wranglings of the Communist party. For all practical purposes the Finnish Communist Party has now split into two separate entities.

The rift is nothing new. The Finnish Communists have been speaking with two voices for nearly two decades. The split between the majority or Euro-Communist faction and the minority, Stalinist wing came properly into the open after the Soviet invasion of Czechoslovakia in 1968, but it has only been during the past two years

that it has become clear that the gulf between the two factions could no longer be bridged. Moscow has fought resolutely to keep the Finnish Communist Party together, but finally appears to be accepting the inevitable break-up.

In terms of Finnish foreign policy the split of the Communist Party has had little significance, and both the social Democrats and the Centre Party have long since established their own satisfactory relations with Moscow.

Domestically, however, it is a different story. The decline of the Communists means that at next year's general election in March, Finnish voters are likely to elect the biggest non-socialist majority to the Eduskunta, the Finnish Parliament, that the country has seen.

The scale of the demise of the Communists can be judged from the fact that in 1958 they emerged briefly as the single largest party in the Eduskunta, with 50 seats. By the time of the last election in 1983 the People's Democratic League, the umbrella organisation for the Communists, had only 27 seats, and now they stand to lose between a third and a half of these seats at the next election.

The most recent opinion polls do not suggest that disillusioned Communist voters are shifting their support to the Social Democrats, however, who appear to be doing little better than holding their own.

### Imports and exports with the Soviet Union

	(FM m)	Imports	Exports
Total		17,100	18,804
Food		989	962
Non-edible raw materials		14,045	477
Energy		12,203	
of which oil, oil products		711	
natural gas		711	1,096
Chemicals		451	4,494
Semi-finished goods		3,245	
of which paper and board		701	8,284
Machinery			4,071
Ships			2,590
Miscellaneous finished goods			1,935
Clothing, footwear			84,023
Finland's total imports/exports, 1985		81,406	84,023

Source: Bureau of Statistics monthly bulletin of foreign trade

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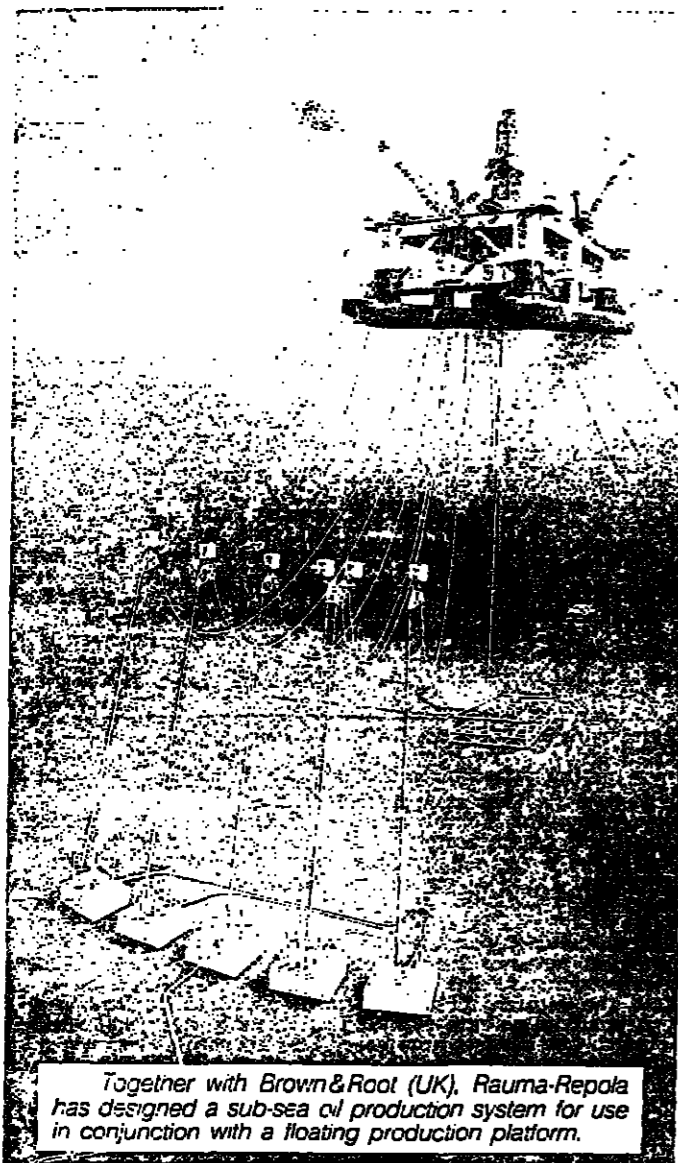
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## FINLAND 4

# Curb of strong role sought

### The banks

OLLI VIRTANEN

THE POWER of the banks has become an increasingly popular topic in Finland—much to the embarrassment of the banks themselves. Politicians, taking their cue from some recent events — and the forthcoming parliamentary elections — almost unanimously wish to reduce the banks' role in the Finnish economy.

The highly concentrated banking structure has resulted in a fair share of power accumulating to the banks. This is accentuated by the "house bank" tradition which means that most of the large companies belong to one bank's financial family. This structure still exists although more companies have begun to shop around for credit.

Since last autumn the banks have raised their profile in two ways: dealing on the stock market and restructuring companies in their sphere of influence.

Union Bank of Finland sparked off the trend in public by winning the contest over Bank of Helsinki last October. The losing party, the savings bank group Skopbank, also claimed to be a winner since it made a profit of about FM 40m (88m) on the BoH shares it sold to UBF.

And Skopbank subsequently went on to buy and sell shares for a profit on the stock exchange—very unusual conduct by Finnish banking traditions.

Skopbank's dealings were highly publicised and the bank itself did little to hide its activities. The bank's chief stock trader, Mr Juhani

Riikonen, has dealt mainly with shares of companies whose book values, thanks to the vast property holdings, well exceed their market capitalisation.

Skopbank's net income from dealing in securities was about FM 250m (450m) last year which far exceeded profits from its other banking activities.

When UBF and its main rival Kansallis-Osake-Pankki at the same time were busy trying to restructure forest products industries in their own "families," the banks' role in Finnish society became an obvious subject of public debate. Leaders of three large Finnish parties demanded that the banks' ownership in any company should be severely restricted from the present 20 per cent of the equity.

Insurance companies have also become a target of a similar debate. They are allowed to own up to 50 per cent of equity in any company. A governmental commission recently recommended that the figure should be reduced to 25 per cent.

The banks defend their activities by claiming that they do not want to maximise their holdings but they have to look after their deposit interests. Many of the current targets for reorganisation have wound up in their lap either due to their accumulated debts or as a last resort to salvage them.

Mr Mika Tiivola, chairman and chief executive of UBF, recently put the debate into perspective by pointing out that the combined holdings of all banks in Finnish companies equal the value of investment in one single paper machine.

Several factors have made the banks look more after their interests. While last year was one of the best ever for all banks in Finland, competition among them is increasing rapidly. Inflation has come down to

close to 1 per cent on a 12-month period and as the base rate still hovers at 8 per cent, banks are soon likely to find themselves with too much money chasing too few borrowers.

So, bank competition in Finland is coming to look like free for all. Mr Erkki Karmila, Director for Foreign Operations at KOP, says that the traditional roles of commercial banks, savings banks and co-operative banks are becoming more confused.

Savings banks and co-operative banks (under the umbrella of Okobank) are now increasingly wooing corporate customers while the commercial banks try to penetrate the farm belt. Meanwhile Pöytäpankki, the state post office bank, has come to look like any commercial bank. Its role is a staple topic in Finland. According to Mr Jaakko Lassila, Chief General Manager and CEO of KOP, Pöytäpankki received Fmk 200m worth of unfair allowances just because it is nominally a government office.

Pöytäpankki itself is not opposed to the idea of becoming a limited company of which the state would own a share.

Bank of Finland has made a number of moves to liberalise Finland's financial markets lately. The banks have now much more leeway in determining their interest rate policies as various quotas and deposit requirements, which very much controlled the bank's lending activities, have been abolished by the central bank.

As the instrument for controlling money supply was done away with, Bank of Finland adopted a more active interest rate policy to govern the gray money market in Finland.

This has been the main instrument of the central bank to control the money market. At the beginning of this year the

bank gave even more room for market forces by splitting the call money rate into two: one for deposits and one for borrowing from the central bank. This was aimed to create more active inter-bank markets.

In January this year the bank also took a number of steps to liberalise Finland's foreign exchange regulations. All transactions concerning foreign trade are now unregulated whereas long-term borrowing and investments abroad still require the central bank's permission. The port of capital is now free also for individuals, although quotas still exist.

But despite the increased liberalisation and competition, two unique holds in the system remain: the interest rate control and the tax-free deposits. The two are closely linked and a recently-passed law renewed the features for another three years.

Although many observers point out that new financing instruments created by the banks and other institutions have reduced the importance of the cartel, most people would like to see the system changed.

Commercial banks favouring the cartel but savings banks and co-operative banks, which fear that they may become uncompetitive in the rural areas, oppose this corner.

Bank of Finland would also like to see freer competition on interest rates. But none of the banks would like to lose the tax-free deposit tradition, which assures a steady stream of funds for them.

One idea to solve the problem is to set a ceiling for tax-free interest rate and if a bank chooses to pay more the difference would be taxable. This idea is favoured by the commercial banks and Mr Rolf Fuhrberg, governor of Bank of Finland, whereas other banks' groups still feel apprehensive about it.

### PROFILE: MIKA TIIVOLA OF UNION BANK

## Stoic with a clear vision

IN MANY WAYS Mika Tiivola has been a captain of the Finnish economy in the same way he was a captain in the Finnish Army during the Second World War. Always stoic and decisive, he maintains a clear vision on where to lead his troops.

As chairman of Union Bank of Finland, the country's leading bank, he has made a number of manoeuvres that gained more foothold for the bank and at the same time left his seemingly overwhelming rival, Kansallis-Osake-Pankki (KOP), play second fiddle.

Tiivola has always been a universally accepted role model of "a traditional banker." He joined Union Bank as member of the board 23 years ago, became chief general manager in 1966 and was elevated to his present position four years later.

The top job at one of the two biggest banks in Finland in itself brought Tiivola a lot of clout. But in addition to this clout, the structure of Finnish economy, which largely revolves around commercial banks, demanded that he also assume chairmanships and memberships on dozens of boards.

For example, Tiivola is cur-

rently chairman of Finnish Foreign Trade Association, Council of Economic Organisations, the Helsinki Stock Exchange and chairman of the board of about half a dozen large Finnish companies.

But despite the social status he always seemed to lack the charisma that would appeal to the general public. He is well respected but distant to the customers at the till.

Union Bank has always competed neck to neck with KOP. In the 1970s Tiivola enjoyed the position of being the main spokesman of Finnish banking much due to the low profile assumed by KOP. But when the highly-charismatic Jaakko Lassila became chief general manager and chief executive of KOP in 1982, he overshadowed Tiivola in the publicity game.

Tiivola's folksy style left Union Bank personnel "in a state of shock," as one ranking UBF official puts it, and Tiivola was clearly embarrassed by any comparison between personalities, or the banks' activities in general.

Today he is not embarrassed at all.

On October 31 last year—his 63rd birthday—Tiivola emerged

as the winner of the battle for Bank of Helsinki. The takeover contest against another Finnish banking group, Skopbank, was swift and Union Bank gained much more than just the undisputed Number One Bank Status. It gave Tiivola and his team new confidence.

First, Tiivola orchestrated the merger of Kemi-Strömberg, the forest industry and power technology group, and Kaukas, the pulp and paper group. Soon after that, Kaukas bought a controlling share of the forest industry group Schuman, another move designed by Tiivola.

A debate on Tiivola's eventual successor has been brewing in Finland for about a year and the bank even nominated a team of three to search for a candidate who would "look like Tiivola." In March, the team reported that they had found one: Tiivola himself.

So the current captain will continue to navigate the bank till October 1989.

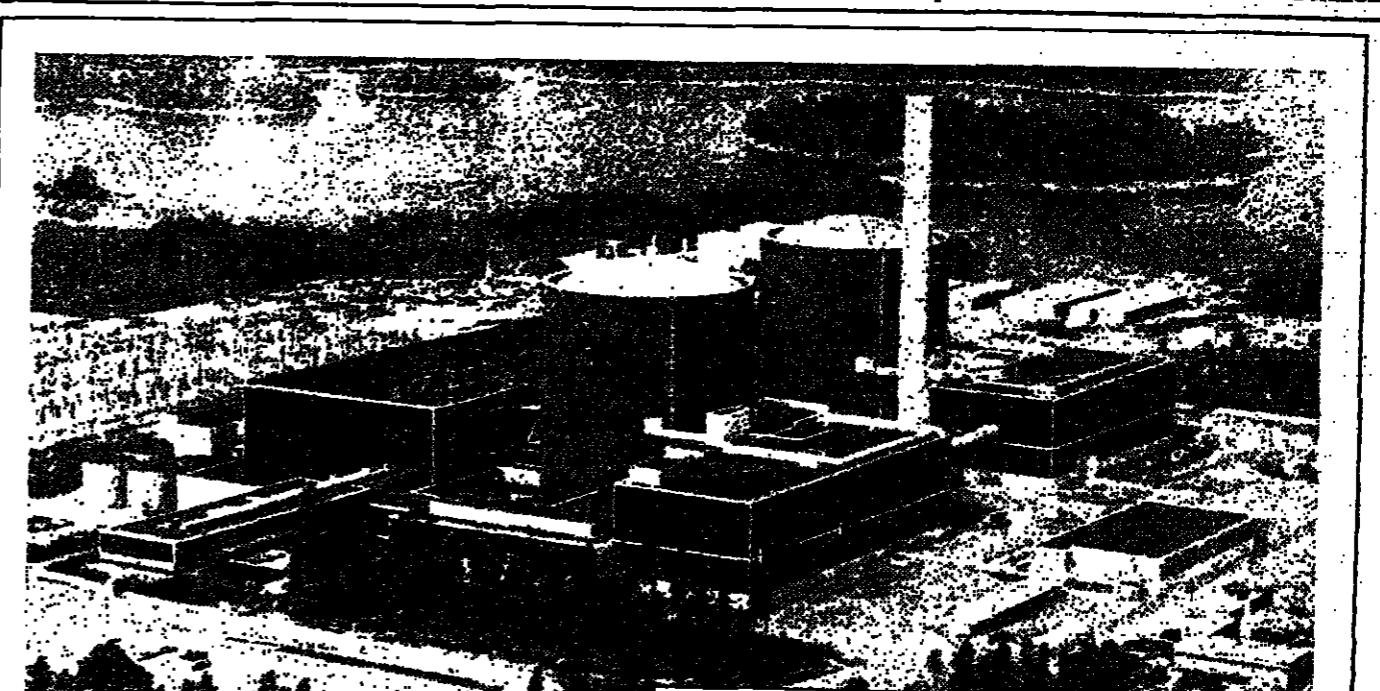
In theory, Tiivola could retire any time now but, as he says, there is still a lot of work to be finished. This is widely interpreted that he will continue to reorganise companies in the Union Bank's sphere of



Mika Tiivola: traditional banker

influence. Next in the line is the metal and engineering industry. His health does not give any cause for an early retirement, an avid skier and skater, Tiivola has always loved sport. Today he enjoys rowing on the lakes, a more restful pastime compared to his youthful days when he dived in the Monte Carlo Rally.

Olli Virtanen



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#### Highlights of 1985 Millions of FIM

Turnover	4384
Gross margin	2413
Operating margin	1677
Depreciation	573
Profit	327
Investments	1233
Financial assets	974
Inventories	1440
Fixed assets	4825
Liabilities	4638
Shareholders' equity	1126
Personnel	4513

## Big shift by industry

"INTERNATIONAL contacts are a lifeline for a highly industrialised country relying on exports," says Mr Juhani Kuusi, director-general of the Finnish Technology Development Centre (Tekes).

By international standards, Finland's export companies are relatively small. The burden of research and development spending necessary to remain competitive on the world market is thus proportionally higher.

"Our resources are limited, but our need to utilise them to the full is all the greater," says the Tekes director. Tekes was created by the Finnish government to help plan, coordinate and finance research and development programmes as part of a broader target to increase overall R & D spending from the present 1.4 per cent to 2 per cent of GNP by 1990.

The forthcoming OECD Review of National Science Policies cites Finland for establishing science and technology programmes. It continues: "The vigour of the national research and development programme is impressive," although it expresses concern that better co-ordination is needed in assigning policy-making responsibility between the various bureaux involved.

Currently, the total public and private sector R & D budget is FM 3bn (1985), of which 40 per cent is government-financed. This heavy emphasis on high technology development comes in the midst of a fundamental shift in the make-up of Finnish industry towards more technology-intensive sectors. While wood-based products made up fully 55 per cent of exports in 1980, this figure has declined to only 35 per cent today.

Among the areas where Tekes has been active is in the development of advanced silicon and gallium arsenide technology, where it has financed work at the Technical Research Centre aimed at spurring the domestic semiconductor industry.

The Technical Research Centre works with such private companies as the Lohja Electronics group (on gallium arsenide thin film technology) and the Valsala Instruments company (on advanced silicon sensors).

Another area where Tekes has been active is in recruiting Finnish companies for participation in the European-inspired Eureka programme. "Eureka will expand the contact surface of Finland's high-tech industry and expand our

markets in Europe," Mr Kuusi says. Valsala is a good case in point of the challenges faced by Finnish companies. Competing on an international market — with more than 90 per cent of its sales being generated outside Finland — it has been forced to spend an average 20 per cent of sales on R&D over the past 20 years.

This is about double the average for the electronics industry as a whole," says Mr Jyri Toivola, the managing director. "But being a small firm, we've had to invest heavily in order to grow in a world market."

Mr Toivola was among the Finnish businessmen most active in the Eureka project, arguing that "only 0.3 per cent of the world's R&D spending is carried out in Finland and we need to have greater access to the remaining 99.7 per cent."

Valsala has benefited directly from participation in several Eureka-inspired programmes, including Eurotrak (a project to study measures to solve problems of acid rain and air pollution in Europe).

"Most probably we will see a monitoring network after six to eight years, to which Valsala will hopefully deliver a large part of the equipment."

As part of the project research, Valsala is working together with the UK-based Cambridge Technology in the development of so-called biosensors which combine biotechnology with electronics to produce sensors which can be used for real-time monitoring of pollutants.

"We are a specialist in micro-electronics, but we don't have biotechnology in our tool-box," Mr Toivola says. "The Eureka project is supposed to act as a sort of 'marriage bureau' to help join such complementary know-how."

The high cost of labour and raw materials in Finland, combined with a high level of education and willingness to adapt to new technologies led to the early development of devices for automation systems and industrial process control equipment.

The country's relatively small size has also been an advantage in allowing close ties to be formed between universities

and research institutes on the one hand, and industry on the other.

However, it also suffers from a relative shortage of qualified engineers, and the OECD report stresses that "a reorganisation of post-graduate studies is a crucial condition for future scientific and technological development in Finland."

Eureka-type programmes have tended to benefit smaller companies with limited international networks. Multinationals like the large Nokia group have independently turned abroad to fill their need for human resources.

"If you are in the systems integrator end of the computer business as we are, you must operate with a very skilled organisation of software and application-oriented engineers," says Mr Timo Koski, President of Nokia's Electronics Division.

Many of these engineers have been recruited outside and work outside Finland. Nokia has tapped the UK by establishing a mobile telephony development group at the Oxford Science Park and in the US where it has an engineering development arm for pulp and paper equipment.

Nokia is also involved, however, in the Eureka East project which aims to improve the effectiveness of software engineers. "Trying to develop computer programmes to facilitate professional programming obviously cuts down costs and gets more efficiency out of the human resources we have here," Mr Koski says.

Finland's high technology producers have also been forced to seek specialised market niches, rather than attempting to compete head-on with industry giants in such areas as information systems.

"By targeting areas like systems integration and supplying certain specialised professional market sectors like banks and retail automation, we have been able to grow quite steadily," Mr Koski explains.

Lauri Koukkonen is Europe's largest producer of duplex filters, which are used in mobile telephones to filter simultaneous transmission and receiving for continuous communications.

In the field of biotechnology, Finnish Sugar has become a world-leading producer of enzymes by a forceful acquisitions policy aimed at expanding know-how, marketing channels and market shares in the US and the UK.

The bulk of its basic research is being carried out in co-operation with the Technical Research Centre, and with Nabisco Brands of the US.

Valmet has focused on producing specialised factory automation systems intended for smaller and medium sized companies by a forceful acquisitions policy aimed at expanding know-how, marketing channels and market shares in the US and the UK.

Even in sports equipment, the Excel Oy group ranks as the world's leading producer of ski poles, with a 55 per cent market share, employing specialised carbon-fibre and advanced production technology.

## Forestry remains essential

### Paper and pulp

OLLI VIRTANEN

FINLAND practically lives by its forests. Although their share of the country's total exports came down to 36 per cent last year, forest industry products still remain the lifeblood of the economy.

Despite their crucial role, however, the forest industry companies have traditionally been less profitable and more indebted than their competitors in other major exporting countries. The main reasons are expensive wood raw material, labour costs, and the relatively small size of the companies.

Now the picture is gradually changing. The massive modernisation programmes in the late-1970s and early-1980s are now beginning to bear fruit. Much of the investments were directed to completely new products.

Some companies, such as Kaukas with its LWC paper, Kymi-Stromberg who recently inaugurated its new SC-plant, and Enso Gutzeit with its liquid packaging board, are now second to none in their field.

Meanwhile, companies put more and more emphasis on cost-cutting. The industry recently managed to lower the price of the stumpage for the first time ever in negotiations with the farmers' association.

The wage negotiations, particularly in the mechanical forest industry, have also been relatively easy from the employers' point of view. This reflects the fact that the forest industry is suffering badly and there is no hope of immediate relief in terms of higher market prices.

Even Rauma-Repsol, Europe's largest saw-milling company, is in danger of losing its status as it has literally cut off so much dead wood.

At the same time industry co-operation, integration and even mergers are gaining popularity. The merger between Kymi-Stromberg and Kaukas, two big forest industry companies, was widely hailed as a wise tactical move, particularly because the product ranges complement each other.

In another forest industry merger in Northern Finland two larger forest industry companies, Veitsiluoto, Metsätiitto and Kajaani, rearranged their ownership in two smaller indebted firms, Oulu and Kemil.

Despite mergers, cost-cutting and quality products Finland's forest industry faces a tough time ahead. Production still has a number of structural drawbacks, so an inevitable conclusion has been to look for bases abroad.

United Paper Mills inaugurated its huge newsprint plant in Shotton, North Wales, last year. Kaukas is planning to build a LWC plant in Scotland and Schuman was also looking for a partner in Central Europe, before the deal with Kaukas.

## Legislation on telephone network

FINLAND follows the Scandinavian pattern of enjoying one of the world's highest telephone densities and lowest subscriber rates.

What makes the country unique in Western Europe is the fact that its Public Telecommunications Agency (P&T) shares the market with 58 other private telephone companies which also provide these services.

In the past, the local telephone companies have offered the bulk of local service, while the P&T enjoyed a monopoly over long-distance traffic, telex and mobile telephone networks. But this division was set out in legislation which is now over 100 years old, and it is changing radically.

Modern technology in the field of data communications, for example, has made interpretation of these regulations increasingly difficult and led to serious disagreements between the P&T and some of the private companies, of which the Helsinki Telephone Company is the largest.

Mr Pekko Tarjanne, director-general of the P&T, says: "We consider data communications a natural extension of telegraphy, not telephony, while the private companies argue the reverse. The situation today is a little bit stressed because of years of non-existence of the rules of the game."

Indeed, the Helsinki Telephone Company has built up its own parallel long-distance switching system to handle data communications, a move which the P&T regards as "nonsense from the point of view of national economy."

The government has drafted legislation which seeks to describe the balance of power between the two sides, although it is unclear whether it will be passed before the next elections.

"If parliament does approve



Assembling British Aerospace Hawks at Valmet's Kuorevesi plant. Electronics is one of Finland's fast-growing sectors

### Electronics

DAVID BROWN

the legislation, then it will be possible to see a more peaceful development of telecommunications in this country," Mr Tarjanne says.

The director-general stresses, however, that the disagreement over the lucrative data communications market has not adversely affected the quality of overall telecommunications services offered in Finland.

Meanwhile, the government has also proposed to alter fundamentally the role of the P&T so that it will no longer issue operating licences; it will be removed from the state budget and "become more or less a pure business corporation" in the words of the director-general.

In addition, the proposal seeks entirely to deregulate the sale of terminal and telex equipment, and smaller private branch exchanges.

largest employer. In the telecommunications sector, which grew some 25 per cent last year, Nokia products cover the range from cables to information and switching and transmission systems.

The telecommunications division has concentrated largely on the Scandinavian market, according to Mr Timmo Koski, president of the electronics unit. However, it competes internationally, has high hopes for the Far East market and has won several notable orders from China and Australia recently.

The group's Mobira subsidiary, which produces cellular mobile telephones, is the leading manufacturer in Scandinavia, which in turn has the world's largest mobile cellular system in operation.

Moreover, the group last year initiated an important joint venture with the Tandy Corporation of the US, which has now started production, and expects mobile telephone sales on the American market to reach some 35,000 or more than 10 per cent of the total market this year.

Elsewhere in the sector, Lohja corporation is a pioneer in the production of polymer hybrid circuits (developed in connection with its electroluminescent display technology), as has the Aspo company. The Valsala Instruments company, which has a wide range of specialised sensors particularly aimed at the weather forecasting market, sells over 95 per cent of its total output abroad.

The P&T itself, in a venture with the telephone companies, has been engaged in selling telecommunications expertise in areas such as Asia, Africa and the Middle East through a jointly-owned company, Tele-

of over FMK 10bn—and its

## Great expansion in turnover

### The stockmarket

DAVID BROWN

"WE ARE quite small in comparison to the larger stock exchanges around the world, but we have grown very rapidly indeed," says Mr Maenpää, new managing director of the Helsinki Bourse.

In an effort to widen the scope and appeal of the Finnish capital market, the exchange recently appointed its first-ever managing director from the top ranks of Kansallis-Osake-Pankki, the leading commercial bank.

In the course of the past five years, stock exchange turnover has expanded enormously. Turnover in 1980 was less than FM 700m, divided roughly equally between equities and debentures, with the latter accounting for the one hand and the former for the other.

By April 23 share prices had climbed a sharp 20 per cent from the start of the year to 314.8 on the Unitas index. By far the strongest-performing sector was insurance, which jumped over 200 per cent, followed by Diversified Industrial (up 18.7 per cent) and Forest Products (up 18.6 per cent).

The weakening of markets for forest products companies (which still make up 40 per cent of Finnish exports) and the oil price downturn (which will reduce the value of exports to the USSR) may take its toll on the economy and share prices this year, however.

The exchange faces several problems of specific interest to foreign investors, who last year accounted for roughly a third of total turnover.

Despite attractive price-earnings ratios, the upper limit of 20 per cent on foreign ownership of so-called "unrestricted shares" means that when demand dropped last year, prices for these shares fell even faster than those of "restricted" shares held by Finns.

Turnover in the Finnish-held shares, meanwhile, is severely limited by a system of capital gains tax under which it is disadvantageous to sell stocks which have been held for less than five years.

"In practice, the market for foreign investors is very thin," Mr Maenpää acknowledges. "If you want to buy or sell any significant bloc of shares it can be hard to find a counterpart. This has led to bigger price fluctuations on the free shares side."

Moreover, "in most cases, the banks have been willing to act as agents but not principals, and that's not changing in any significant way."

This situation may play a part when several Finnish companies, including Union Bank of Finland, Kansallis-Osake-Pankki and Finnish Sugar attempt foreign share issues this year.

Several legislative solutions have been proposed: one by the Ministry of Justice, another by the Ministry of Trade and Industry. Both have in common an attempt to increase the upper limit on foreign share ownership to as much as 40 per cent but face an uphill battle to win political consensus.

"A coalition government with Socialist and non-Socialist elements has had difficulties in reaching a decision," Mr Maenpää says. "I really hope we can do something because this is the main problem in the Finnish equities market."

The bond market was until recently the centre of foreign investment at the exchange and remains of significant importance to domestic investors.

Finland's stable currency — combined with high interest rates on which no withholding tax has been charged — resulted in strong foreign buying until last summer. Roughly FM 15bn in commercial bonds and debentures were floated, of which almost a third was subscribed by foreigners.

"It became perhaps too easy for Finnish companies to raise money abroad," says Mr Maenpää, explaining the Government's decision last summer to prohibit further sales to foreigners. However, the exchange has been pressing for a relaxation of the rules under which such sales would be permitted by dispensation from the central bank.

The exchange has recently seen the introduction of small new OTC and brokers markets. Some FM 109m in new capital was raised on the broker list last year.

As the exchange has grown, and foreign interest increased, the bourse has faced criticism for the relative unsophistication of its regulatory and ethical standards—which resulted in the board's recent publication of a new code of self-regulation.

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The paper qualities produced cover a very wide range; printing papers for newspapers, magazines, directories, catalogues, brochures and books; writing, photocopying, computer and general office papers; wrappings, tissues and specialities. In total they amounted last year to 4.9 million tonnes, worth nearly £2,000 million. These papers are marketed throughout the world by the Finnish Paper Mills' Association Finnmap, and sold in the UK by Lamco Paper Sales Ltd.

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**PAPER FOR TODAY....AND THE FUTURE**

## FINLAND 6

## Business with birch twigs

## Sauna

KEVIN DONE

THE BUSINESS visitor, or for that matter any other visitor to Finland, is unlikely to have spent much time in the country before being confronted with one of its main institutions, the sauna.

Forewarned is forearmed.

As Mr Juhani Perassio, chairman of the Finnish Sauna Society, told the latest international sauna congress in the Netherlands earlier this year: "One can say that all important things, still today in Finland, happen in the sauna. All international textbooks on management must have in their Finnish editions special chapters handling sauna meetings. Sauna belongs to the Finnish decision-making tradition."

The Finns are certainly not averse to using their national institutions as a means to an end either in diplomacy or business. The sauna, they claim, is a great leveller. It is also virtually unavoidable. On a visit to Finland last year Mr Shintaro Abe, the Japanese Foreign Minister, was even pictured naked on the front page of one of Helsinki's most respected daily newspapers along with his Finnish host, Mr

Paavo Vayrynen, the Finnish Foreign Minister. They sat smiling and chatting—and sweating—modestly preserved only by a couple of strategically-held bunches of leafy birch twigs.

Finnish industrialists and politicians are well-known for taking their adversaries to the sauna. As the Finnish sauna society explains: "Hostility melts in the steam as birch whisks swish, and stubborn minds begin to accept compromise. Rank and protocol are shed in the dressing room along with one's clothes. It is hard to maintain pompous dignity without one's clothes."

It was in the sauna, for example, that Finland's former president, Urho Kekkonen, reportedly cleared the way with the Soviet leader Nikita Khrushchev for Finland to move ahead and join EFTA, the European Free Trade Association.

Wherever Finns go their saunas go with them. Finnish troops serving with the UN peacekeeping forces insist that one of their priorities on arrival is to erect a tent sauna, whether the location is the cool mountains of Cyprus or the baking valleys of Lebanon. During their two wars with the Soviet Union during the second world war Finnish troops even built saunas at the front line along with more

normal fortifications.

At home Finns go to great lengths to assure visitors that for them the sauna is not the sort of institution found in red light districts around the world. A Finnish sauna is not a "massage parlour" as the Helsinki tourist guides' association sternly informs the uninitiated.

Given that there are about 1.2m saunas in Finland and only some 4.8m Finns, that would otherwise make an awful lot of massage parlours. As one recent sauna book, quoting the awe of an imaginary first-time British business visitor, says: "Could there really be over a million of these houses of ill repute in such a tiny country. Wow." Mixed sauna, except in the family, is not a Finnish tradition.

Finns take about 200m sauna baths each year and Finland is undoubtedly the only country in the world where the sauna outnumbered the car.

The climate undoubtedly has much to do with the habit. No other country has so many people living at such northerly latitudes—namely north of the 60th parallel—as Finland, but Finns try too to spread the gospel abroad. Enough foreigners appear to be convinced that sweating in small dark rooms at temperatures of 100 deg Centigrade (212 deg F) or more—the boiling point of

water after all—can be a pleasure, to allow the sauna to make a useful contribution to the Finnish trade balance.

In the last two generations the sauna has moved along with most of the population from the countryside into the towns, but the bathroom sauna in a Helsinki flat and the ancient Finnish smoke sauna or savusauna still have the heated rocks and the sweat in common.

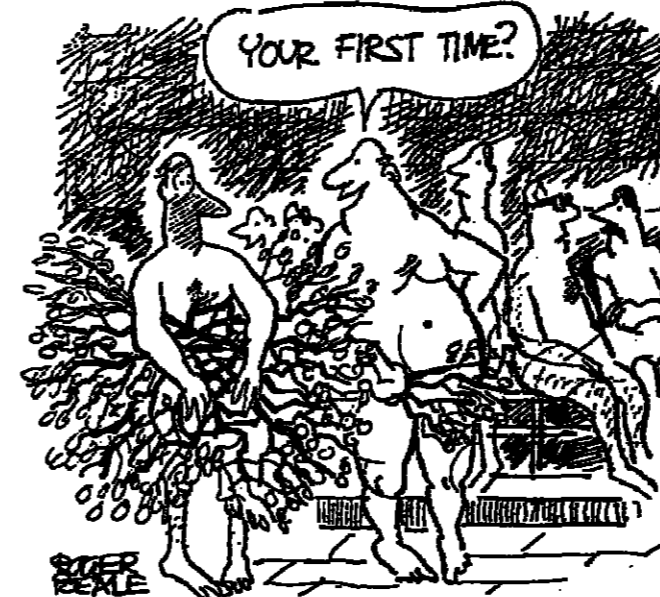
Saunas are found in most Finnish homes; there are shared saunas in blocks of flats with each family having different times available during the week; there are saunas in hotels, aboard ships, at camping sites and in office buildings, but the most idyllic are still those built at the lakeside beside Finnish cottage cottages with a jetty leading straight to the water for a cooling swim.

In the depths of winter a hole can be cut in the ice if a roll in the snow does not suffice.

To speed up the sweating process you beat yourself with a *vihta*, a bundle of leafy birch twigs bound into a switch or whisk. The birch twigs are crucial for the four Finnish shipbuilders, who have eight yards in total. Wärtsilä's yard at Turku, for example, has eight vessels under construction at the moment, but even the delivery of these is scheduled for delivery next year.

Two other large yards, Rauma-Repol's yard at Rauma (six vessels under construction) and the Helsinki shipyard of Valmet (four vessels), will also stand idle at the end of next year if they cannot win new orders.

Wärtsilä, flagship of the industry, has suffered a number of significant blows recently. Last year it lost two separate orders for ships it had designed.



are aspects of the ritual urged on the unsuspecting foreigner but not always practised so devoutly by Finns themselves."

Electrically-heated saunas are now the rule in the towns, but the ultimate experience remains the old-fashioned smoke sauna where the smoke from the birchwood fire used to heat the sauna swirls thick and black straight into the sauna room before escaping in billowing clouds under the eaves. When the sauna is ready a fine birchwood aroma remains scenting the air and mixing with the *logi*, the hissing vapour that steams up as water is ladled on to the hot

stones atop the sauna oven.

Fresh from the heat of the sauna you can stand awhile outside in minus 30 deg Centigrade, your naked body steaming in the polar night, the moonlight reflecting from a snow-covered frozen lake with the crazy streamers of the northern lights playing phosphorescent games across the sky.

To arrive properly prepared for the sauna one of the best books to read is *The Businessman's Guide to the Sauna* by Arto Paasilinna and Terho Ovasa. Published by Uusi Suomalainen Kirjasto, PO Box 158, SF-00101 Helsinki.

## Decision for the 1990s

## Energy

DAVID SARGENT

FINLAND, which until late April was inching towards a decision to expand its nuclear generating capacity to help meet expected demand in the 1990s, may now face a re-think in the light of the Chernobyl disaster in the Soviet Union.

Two of the country's four existing plants were constructed by the Russians—although not of the same type—and have not formed beyond expectations. A decision to build a fifth plant—to be purchased either from the Soviets or Sweden—was considered inevitable until now by industry observers in Helsinki.

Yet the country does face a problem. Having few hydro resources left to exploit, it decided in the 1970s to develop nuclear energy. This now supplies about 40 per cent of the total requirement, one of the highest levels in the world. The Finns, moreover, are heavy electricity consumers both in their homes and in industry, and usage has climbed on average by some 5 per cent annually over the past decade.

Although further growth in consumption is expected to be slow, it will climb nonetheless by some 25 per cent or 2,500 MW to a total 12,500 MW by the end of the 1990s, according to the Ministry of Trade and Industry which recently tabled a new "Electrical Energy Package" which seeks to fill this gap.

The plan calls for the addition of some 1,500 MW by expanding district heating and industrial cogeneration facilities and developing the last remaining hydro resources, and for increased electricity purchases from Sweden and the USSR. Yet a further 1,500 MW will be needed, and it was this gap that one or possibly two new nuclear power plants were to have filled under the government plan.

What until now has been the main impediment to progress was the formal opposition of the Center Party, which was expected to reverse its policy at the forthcoming party congress in July and so clear the way for the passage of new energy legislation which could have allowed construction to start as early as 1989.

Given the deep concern surrounding the dangerous events at Chernobyl, and the sudden surge of anti-nuclear feeling throughout Scandinavia,

this projection has suddenly become uncertain.

Although industry officials remain confident that a new reactor complex eventually will be built, the very least that can be expected is a two-year delay of several years before a decision can be taken.

Indeed, the new Environmental Oy group, recently formed by the two existing nuclear producers to co-ordinate transmission and operation of the new facility, has already begun plans to table a proposal.

In another significant move, the government recently proposed to shift from state-based energy taxation to a sales tax, allowing a tax write-off and thus considerably lowering costs for industry—not least in the forest products sector where energy costs are a critical factor in profitability.

Though half of Finland's total energy consumption is by industry (largely pulp and paper) and a quarter is residential (due to the cold northerly climate), the country imports all its fossil fuels, and energy accounts for nearly 30 per cent of total imports. Oil consumption has declined by some 20 per cent since the 1973 price shock. Fully 80 per cent of total crude oil imports come from the Soviet Union. This has played an important role in the country's trade balancing arrangement.

The consumption of natural gas takes up only 2 per cent of total energy use, although there has been discussion of increasing this amount to supply the city of Helsinki via a pipeline from the USSR.

Coal and natural gas provide 13m tonnes of the country's total 30m tonnes energy supply. Finland is also a major importer of coal (again from the Soviet Union and also Poland).

Finland is one of the world's pioneers in the use of district heating, which has more than doubled in the past decade. Domestic energy sources—mainly hydro and to a much lesser extent peat and waste wood—make up some 30 per cent of total consumption.

## Cold winds of recession reach the yards

## Shipbuilding

OLLI VIRTANEN

PERHAPS IT was inevitable although few people wanted to believe it, but the world shipbuilding recession, which seemed to miss Finland completely, has now hit the country with force.

Finland's four shipbuilding companies were able to surf most of the rough seas by concentrating on special vessels and producing to meet a steady stream of orders from the Soviet Union. This combination made the yards highly profitable for years running.

Ice breakers and other ice-strengthened vessels, passenger ships and cruise liners, research

vessels and Arctic off-shore, these were the specialties of the four Finnish shipbuilding companies, Wärtsilä, Valmet, Rauma-Repol and Holmings. And with more than 50 per cent of the aggregate output earmarked for the Soviet Union, the yards were able to maintain bulging order books for years.

Not so anymore. One by one the dominoes have fallen. Exports to Western markets have dried up almost completely since Wärtsilä delivered the world's biggest luxury cruise liner "Royal Princess" to the British shipping line, P&O, almost two years ago.

Expertise in narrow fields such as ice breakers is losing importance, too. Far Eastern builders have developed their expertise and have become competitive in many fields.

Similarly many highly-subsidised European yards have been able to snatch orders by allegedly undercutting market prices by up to 40 per cent.

Third, bread and butter of the Finnish yards, orders from the Soviet Union are also decreasing. The overall trade between the two countries will come down considerably, due to falling oil prices and this will undoubtedly affect ship orders, too. In addition the Soviets are shopping around more actively for ships elsewhere in Europe.

All this means that the total workforce at Finnish yards has come down rapidly from the peak of 18,000 in 1982 to 14,000 today. According to some estimates it will drop well below the 10,000-mark before the end of this decade.

At the same time, the back-

log of orders has come down from the peak of GRT 800,000 in 1985 to GRT 475,000 at the end of 1986.

The next couple of years are crucial for the four Finnish shipbuilders, who have eight yards in total. Wärtsilä's yard at Turku, for example, has eight vessels under construction at the moment, but even the delivery of these is scheduled for delivery next year.

Two other large yards, Rauma-Repol's yard at Rauma (six vessels under construction) and the Helsinki shipyard of Valmet (four vessels), will also stand idle at the end of next year if they cannot win new orders.

Wärtsilä, flagship of the industry, has suffered a number of significant blows recently. Last year it lost two separate orders for ships it had designed.

Earlier this year the company lost an order for two large car-passenger ferries placed by a Finnish shipping line.

The vessels will now be built by a Yugoslav yard, marking the end of a tradition of Finnish yards building passenger ships for Finnish owners.

Domestic competition has also been fast and furious. In particular, Wärtsilä has been annoyed by what it sees as attempts to enter its home turf. Valmet recently completed its first cruise liner and before that both Valmet and Rauma-Repol had bid for two icebreakers ordered by the Finnish government.

In both these categories Wärtsilä has been the world leader and the company strongly urged the other yards to try to find their own specialties.

All Finnish shipbuilders have strongly urged other countries to do away with the lavish subsidies they give to their own yards. The Finnish companies, of which Wärtsilä, Rauma-Repol and Holmings are privately-owned and Valmet is a state-owned group, take a masochistic pride in pointing out that they do not receive help from the state coffers.

With orders dwindling more and more voices ask: should there be more legislation to play the subsidies game. But so far the companies have refused with some minor exceptions.

Instead they emphasise that subsidies breed inefficiency and can never be a long-term solution. They also point out to Sweden where even SEK 25bn in total subsidies could not save the yards.

## THE BIG DRIVE!

## KEKE ROSBERG

Formula-1 driver  
World Champion in 1982, no. 3  
in 1985  
5 grand prix firsts

## TIMO SALONEN

Rally driver  
World Champion in 1985  
8 firsts in World Championship  
rallies

## MARKKU ALEN

Rally driver  
1978 winner of RAC Cup (which  
became the world championship  
the following year)  
12 firsts in World Championship  
rallies

## JUHA KANKKUNEN

Rally driver  
Fifth place in the 1985 World  
Championship  
3 firsts in World Championship  
rallies

## HANNU MIKKOLA

Rally driver  
World Champion in 1983  
17 firsts in World Championship  
rallies

## HENRI TONONEN

Rally driver  
Runner up in World Championship  
in 1984  
3 firsts in World Championship  
rallies

## ARI VATANEN

Rally driver  
World Champion in 1981  
10 firsts in World Championship  
rallies  
Convalescing  
All top Finnish drivers with a Big  
Drive to win.  
One of them is usually victori-  
ous, and as often as not all of  
them are among the leaders.



## NESTE OIL

Oil is the backbone of Neste's operations. The largest refiner in the Nordic countries, the company imports crude and trades in both crude and oil products on the international market. It is also involved in exploration on a global scale.

**NESTE GAS AND COAL**  
Neste imports natural gas into Finland and distributes it through an expanding pipeline network. The company also markets and trades in coal internationally.

**NESTE CHEMICALS**  
Downstream industries in Finland and abroad rely on Neste's petrochemical plants for a wide range of materials. These include polymers such as polyethylene (of which Neste is the second-largest producer in Europe), PVC, polystyrene, unsaturated polyesters, compounds and plasticizers.

**NESTE SHIPPING**  
The Neste fleet carries crude, oil products, gases and chemicals across all of the world's oceans, both for itself and for others. It is especially well equipped for navigation in Arctic waters.

**NESTE BATTERIES**  
One other aspect of Neste is a fully-fledged battery manufacturing industry with factories in several countries.

**NESTE ENGINEERING**  
The engineering expertise needed to keep all aspects of Neste in full gear is constantly re-fuelled by extensive R&D programmes.

Neste is a front-runner in many fields of knowledge making a Big Drive for the top quality that keeps it in front.

Skill, technique, calculated risk and good teamwork are essential for success in motor racing. These same qualities are a must in business, too. The Finns now have the Big Drive in both fields. Finnish industry is roaring onto the international market with Team Finland, the Big Drive for peak performance and top quality, at its head.

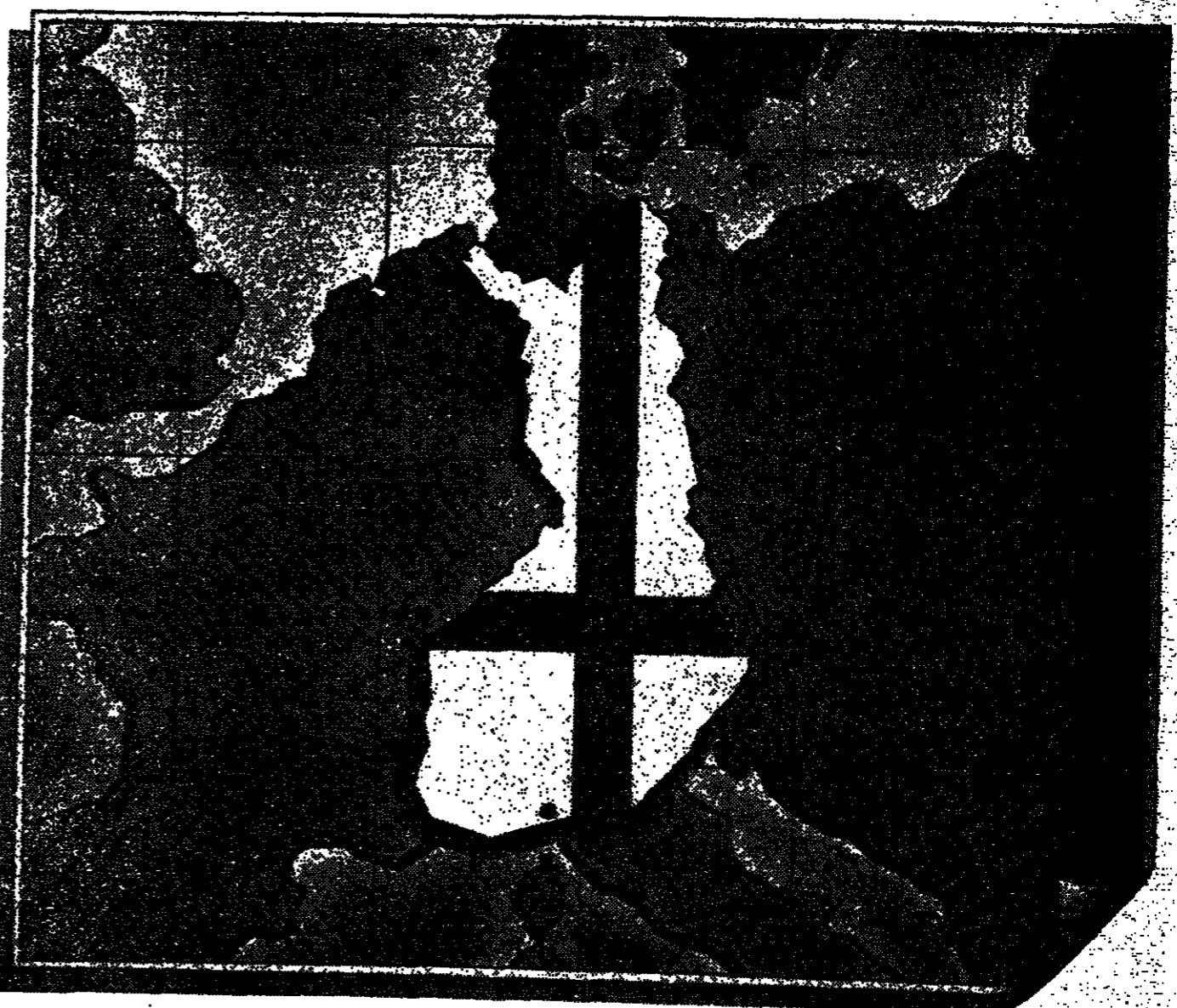
Other Team Finland members: Oy Aho Ab, Arctic Oy/Kalastajatorppa Gourmet, Valio Autoties, Finnair Oy, Finnish Tourist Board, Karhu Tilit Oy, Lohja Oy, Oy Polar Express Ab, Scania Oy, Oy Wilhelm Schuurman Ab Nautor, Oy Sisu Line Ab, Oy G W Schiberg Ab, Starckjohann-Telko Oy

## NESTE

ENERGY &amp; CHEMICALS &amp; SHIPPING

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Skopbank leaves its competitors standing 1,300 full-service branches nationwide. Most in real-time communication with each other. Through its cooperation with sister organizations in Stockholm, Copenhagen and Oslo, Skopbank is also a part of the largest banking network in the Nordic countries. A grand total of 5,400 branches.

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even personal contacts. With the largest banking network behind you, you can't go wrong. With approximately one third of Finnish deposits, the Skopbank Group is Finland's largest banking system by deposits too.

Market share of deposits 1984	%
The Skopbank Group	30.7
The cooperative banking system	23.6
Biggest commercial bank	13.4
Second biggest commercial bank	14.3
All others together	18.0

\*Skopbank with shareholder banks.

## SKOPBANK GROUP

— largest in Finland

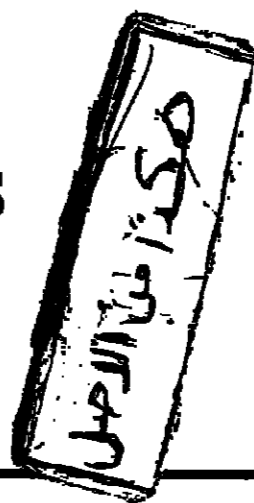
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## SECTION II - COMPANIES AND MARKETS FINANCIAL TIMES

Wednesday May 21 1986



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### Aérospatiale earnings surge to FFr 453.9m

By DAVID MARSH IN PARIS

AEROSPATIALE, the French state-owned aerospace group, boosted net profits to FFr 453.9m (\$64m) last year from FFr 332.1m in 1984 but sounded a warning about the effect of increasing international competition on its results this year.

Mr Henri Martre, chairman, said yesterday that increased commercial efforts and the international economic revival last year enabled Aérospatiale to reverse setbacks in 1982-83, when the company suffered particularly from a steep fall in sales of the European Airbus.

New orders last year rose to FFr 37.8bn, of which 70.2 per cent were exports, compared with FFr 20.2bn (57.7 per cent exports) in 1984 and FFr 12.9bn (34 per cent exports) in 1983, when Aérospatiale registered a net loss of FFr 337.5m. Turnover last year fell slightly to FFr 24.6bn, from FFr 25.1bn in 1984.

New orders in the first four months of 1986 totalled FFr 8.7bn, slightly down on the same period last year, and were likely to fall over 1986 as a whole although turnover would rise slightly, Mr Martre said.

Aérospatiale used the better economic climate last year to reduce stocks which had increased by FFr 3.5bn over the previous two years. The company's net debt fell by FFr 2.4bn last year.

Last year's new orders were concentrated on the aircraft division, thanks to sales of wide and narrow body Airbus. Aircraft orders rose to FFr 17.9bn from FFr 5.9bn. Helicopter orders fell to FFr 5.4bn from FFr 5.9bn while tactical missile orders rose to FFr 7.5bn from FFr 4.5bn.

Mr Martre said the fall in the dollar, along with the reduction in the

oil price, had hit revenues of oil producing country clients this year. It was also exacerbating competition on both civil and military markets from US manufacturers.

Pointing to the "increased aggressiveness" of US aerospace companies, he said Aérospatiale's dependence on exports was a source of fragility in markets which showed big annual fluctuations.

Concerning Franco-German plans for a joint anti-tank helicopter project, which have recently run into difficulties, Mr Martre played down any question that the German Government's insistence could turn towards a US company such as McDonnell Douglas, which is offering its Apache helicopter as an alternative. He said the Bonn and Paris governments, however, wanted to redraw the project to make it less complicated and lower cost.

### BBL sees operating profits rise 39%

By Paul Cheeseright in Brussels

BANQUE Bruxelles Lambert, the second-largest of the Belgian commercial banking groups, saw operating profits rise an exceptional 39 per cent in the first half of the current year.

In the six months to March operating profits were BFr 3,677bn (\$80m) against BFr 2,64bn in the same period of 1984-85, the bank said yesterday.

All sections of the bank's business contributed to the rise, which was helped by an incursion of funds on which the bank could draw short-term investment benefit.

In recent months the bank has been to the domestic market with a BFr 2.9bn rights issue, to the Euro-equity market to raise BFr 2.5bn and received a net benefit of \$100m from a subordinated loan operation.

But there was only a marginal increase in the total value of bank assets between March 1985 and March 1986 - a 6 per cent increase to BFr 1,351.7bn - largely because of a 22 per cent decline over that period in the value of the dollar.

Deposits have continued to rise in the face of liquidity on the domestic market, but private-sector borrowing has remained relatively sluggish with companies finding other forms of financing.

Belgian public-sector borrowing, however, increased 14 per cent between March 1985 and March 1986 to BFr 406.3bn.

The strong growth in the interim figures may not carry through in quite the same degree to the yearly results, which will have to take depreciation into account.

### SWEDISH GROUP IN \$75m TANKER DEAL

### Argonaut buys 10 vessels

By KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

ARGONAUT, a small Swedish shipping company, yesterday became one of the leading oil tanker operators in Europe through the purchase of 10 oil tankers from Zenit, the Swedish state-owned shipping company, in a cash deal worth SKr 530m (\$75m).

The purchase is one of the biggest shipping deals in terms of tonnage ever completed in Sweden and totals some 1.5m dwt.

It marks a major step for Zenit, which was formed in the midst of the 1970s shipping and shipbuilding crisis to manage the stream of vessels that had to be repossessed by Swedish shipyards when customers were unable to meet their payment commitments.

By 1984 Zenit had been forced to take on around 70 vessels, including several built by Swedish yards for stock in the vain hope of an upturn in shipping markets. Zenit has been

given the task by the Swedish Government of selling off the entire fleet, as far as market conditions allow, and has sold around 40 vessels in the last three years.

It has been a heavy burden on the Swedish state, which has already pumped in SKr 4.1bn to cover Zenit losses on ship sales. Together with its subsidiary, Uddevalla Shipping, the Zenit group has been granted a further SKr 3.4bn in state aid to cover additional losses on remaining sales, such as yesterday's disposal to Argonaut.

Argonaut was formed in 1983, when it was spun off from the Saleninvest shipping group, which plunged into bankruptcy in December 1984. The major shareholder is the Wallenius shipping group with close to a third of the equity.

Mr Mats Jansson, Argonaut's managing director, said the group in-

tended to form a new company to own 10 tankers. It will maintain a stake of at least 50 per cent and is offering the rest to outside investors.

Its own stake in the deal is being financed by a single bank, but Mr Jansson refused to disclose its identity. He said that Argonaut had bought the tankers in the belief that tanker shipping was entering a "favourable period of development."

It was not clear yesterday how long Argonaut intends to maintain ownership of the 10 vessels.

The tanker fleet includes two 350,000 dwt supertankers, three 155,000 dwt tankers and five 128,000 dwt tankers. Eight of the vessels are covered by so-called internationalisation agreements with the Swedish seamen's union. The vessels are registered under foreign flags but must maintain Swedish crews for at least 1½ years.

### Flat first quarter at Atlas Copco

By Our Nordic Correspondent

ATLAS COPCO, the Swedish industrial, mining and construction equipment manufacturer, suffered stagnating profits and a dip in sales in the first quarter.

But Mr Tom Wachmeister, chief executive, said sales were expected to pick up during the year and should result in "continued improved earnings."

The group expects continuing strong demand from OECD markets, where it derives around 70 per cent of turnover, but sales are declining to the Opec countries.

Group profits (after financial items) in the first quarter totalled SKr 197m (\$27.7m) compared with SKr 202m in the first three months of 1985. Sales dropped by 3.5 per cent to SKr 2,264m from SKr 2,347m a year earlier.

Atlas-Copco said the lower sales in the first three months had been offset by gains in April, when earnings were also above last year's level.

New orders booked in the first three months totalled SKr 2,746m compared with SKr 2,638m.

The group said sales of both industrial compressors and portable compressors to the construction industry had increased, but new investments in the mining industry were weak because of low metal prices.

Last year Atlas-Copco increased its profits by 44.5 per cent.

### US group falls into deeper loss

By LOUISE KEHOE

COMMODORE International, the troubled US home computer manufacturer, is taking severe cost-cutting measures after a further heavy loss in the third quarter ending March 31.

The company has reported a net deficit of \$36.7m, or \$1.17 a share, for the three months. For the same period of last year, there was a loss of \$30.8m, or 87 cents a share. Sales for the quarter, however, rose to \$182.3m from \$188m a year ago.

The latest results bring Commodore's losses for the past nine months to \$129.1m, or \$4.12 a share, compared with a \$10.1m, or 33 cents, net profit for the same period 12 months earlier.

Sales for the nine months fell to \$680.7m from \$751.2m in 1984-85.

Although overseas sales continued to be strong during the past three months, the performance of US operations was disappointing, said Mr Irving Gould, the chairman. In particular, sales of Commodore's latest product, the Amiga computer, were slower than expected, the company said.

Since the end of the quarter the company has acted to lower costs, said Mr Gould. Actions include the reduction of US manpower costs by almost 50 per cent. In addition, the company is cutting manufacturing, selling and engineering expenses worldwide, he said.

"We are striving to break even in the current quarter, and to return to profitability in the September quarter," said Mr Thomas Rattigan, the group's president.

Commodore is, meanwhile, continuing to have discussions with its major lenders, Mr Gould said. In February Commodore reached an agreement in principle with its banks to establish a \$135m credit line. Previously, the company had been technically in default on its bank debts.

### Statoil acquires stake in Nylon Polymer

NORWAY'S state oil company, Statoil, said yesterday it had expanded its downstream activities through acquisition, for an undisclosed sum, of the West German plastics plant, Nylon Polymer KG. Heuser reports from Oslo.

Statoil said the purchase reflected a policy of developing interest in specialty plastics. It would increase Statoil's annual sales of specialty resins to Nkr 250m (\$33.1m) and boost its raw plastics materials turnover by some 15 per cent.

Statoil already operates a plastics plant in Norway and last year acquired petrochemical plants in Sweden and West Germany.

### Ensidesa expects to show reduced losses

By TOM BURNS IN MADRID

ENSIDESA Spain's state-owned steel plant, is due to announce 1985 losses of Pta 17.6bn (\$126m) against Pta 24.6bn posted in 1984 when it presented its annual report at the end of this month, according to company sources.

The balance sheet improvement of nearly Pta 7bn is the result of tighter management control, according to the sources, and of sales which were 5.3 per cent up on those of 1984.

The 1985 sales figures emphasised the increasing dependence on exports by the Spanish steel sector in general and by Ensidesa, Spain's major producer, in particular. The 1985 results of the Instituto Nacional de Industria (INI) state-owned company show no indication of an increased domestic steel consumption.

Domestic sales dropped by 11 per cent last year, but exports rose by 23.4 per cent. Sales revenue totalled Pta 194m of which Pta 115m, 60 per

cent, represented sales to the internal Spanish market with the balance of Pta 79m derived from exports. The sources said 13 per cent export sales were to the European Community.

The sources said that they forecast 1986 losses to be below Pta 17m chiefly as a result of Government subsidies aimed at trimming the labour force.

Hard hit by a dramatic collapse of the internal market over the past decade, when steel consumption dropped from 334 kg per capita in 1974 to 189 kg last year, Spain's steel sector is undergoing an overdue restructuring programme and is particularly vulnerable to Common Market competition.

Spain obtained generous EEC entry terms for its steel industry which included an 87,000-tonne export quota to the EEC until 1988 and freedom to inject massive state aid to put the sector on a sound financial footing.

### Deere reports sharp second-quarter fall

By TERRY DODSWORTH IN NEW YORK

DEERE, the leading US farm equipment manufacturer, reflected the continuing depression in US agriculture in his second-quarter figures yesterday, which declared a heavy loss after a \$32.2m reorganisation provision.

Losses amounted to \$33m against net income of \$34.8m, or 52 cents a share, in the same period of last year while sales slipped to \$1.02bn from \$1.13bn. In the first six months of the year the deficit came to \$87.8m against net profits of \$8.6m, or 10 cents a share, in 1985. Sales for the six-month period fell to \$1.7bn from \$1.9bn.

The company said that its losses in the second quarter and in the past six months were primarily caused by extremely low North American farm equipment production and sales volume, combined

with continuing high retail sales incentive costs.

The charge in the latest quarter was taken against the cost of restructuring in a move which reduced the company's workforce by 8 per cent, Deere said. In the same period of last year the group announced a smaller provision of \$11.1m, again for employment reductions.

After weathering a four-year period of extremely depressed conditions in the US farming sector, Deere is still holding out no prospect of a significant upturn in the industry or improvement in its own performance.

The company said yesterday that it was reducing its 1986 production schedules for tractors, combines and other implements and warned that this would have an adverse effect on operating for the rest of the year.

### Marriott launches hostile bid for Saga

By OUR NEW YORK CORRESPONDENT

MARRIOTT, the US hotels and catering chain, has converted its friendly takeover approach to Saga, the contract food-service group, into a hostile tender offer at \$34 a share.

The bid values Saga, the US's second-largest provider of institutional food services, at \$435.2m. In its last fiscal year Saga made net profits of \$29.1m, or \$2.18 a share, but in its most recent fiscal quarter, ending in March, the company's profits slipped to \$4.1m, or 33 cents.

Saga's share price, which shot up

from \$28.50 in the wake of Marriott's approach earlier this month, was trading at \$36½ yesterday, suggesting that arbitrageurs and speculators were expecting the hotels company to increase its offer.

Marriott, however, has given no indication that it is willing to increase its bid for Saga, even though it is believed to be exceptionally keen to pick up the foods concern to make itself into the largest institutional food-service company in the US.

### IBM brings in additions to mainframes

By LOUISE KEHOE

IBM, the US computer giant, has announced a series of data communications and telecommunications products that enhance its mainframe computer network offerings.

The new data communication controllers, modems and network software extend both the function of IBM's telecommunications products and the ability of central computer operators to configure and manage IBM networks, the company said.


Highlights of the announcements include:

- A new communications controller, a low-cost unit used to connect and control communications lines at a central computer or remote sites.
- An improved version of the existing IBM 3725 communications controller.
- Network control software, called Netview.
- New modems, devices that link computers to telephone lines.
- IBM's first digital signal processor, a device used to link computers to digital telephone lines.
- A program that allows data communication between IBM's SNA networks and newer X.25 networks.

All these securities having been sold, this announcement appears as a matter of record only.

NEW ISSUE

May 1986



**U.S. \$400,000,000**

**Mitsubishi Corporation**

**3½% Notes due 1994 with Warrants**

**Issue Price 100%**

Merrill Lynch Capital Markets

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Nomura International Limited

Algemene Nederland N.V.

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**MANUFACTURERS HANOVER TRUST COMPANY**  
£75,000,000  
Floating Rate Subordinated Capital Notes due 1994  
In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the Interest Period 20th May, 1986 to 20th August, 1986 has been fixed at 10½ per cent per annum. The Coupon Amounts will be £122.33 for the £5,000 denomination and £123.29 for the £50,000 denomination and will be payable on 20th August, 1986 against surrender of Coupon No. 7.  
Manufacturers Hanover Limited  
Agent Bank

**WOOLWICH EQUITABLE BUILDING SOCIETY**  
£200,000,000  
Floating Rate Loan Notes due 1995  
In accordance with the terms and conditions of the Notes, notice is hereby given that for the three months interest period from (and including) 19th May, 1986 to (but excluding) 19th August, 1986, the Notes will carry a rate of interest of 10½ per cent per annum. The relevant Interest Payment Date will be 19th August, 1986. The Coupon Amount per £10,000 will be £264.06, payable against surrender of Coupon No. 2.  
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NEW ISSUE

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May, 1986

# Mazda

Mazda Motor Corporation  
(Mazda Kabushiki Kaisha)

U.S.\$ 150,000,000

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ISSUE PRICE 101 1/4 PER CENT.

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Swiss Volksbank

Yamaichi International (Europe) Limited

## Bibby - from strength to strength

- Profit before tax for the 6 months to 29th March 1986 significantly increased to £20,328,000 (1985 £15,955,000).
- Earnings per share increased by 21.6% to 11.04p (1985 9.08p).
- Interim dividend 2.75p. An increase of 37.5% compared with equivalent dividend last year.
- Beyond the first half year figures, the Chairman confidently expects that the Company will again make further good progress for the year as a whole.
- Sales rose to £269,567,000 from £203,263,000, an increase of 32.6%.
- From the Interim Report for the 26 weeks ended 29th March, 1986.

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J. Bibby &amp; Sons PLC, 16 Stratford Place, London W1N 9AF.

\*Figures adjusted for shorter time period in 1985.

This announcement appears as a matter of record only.



Bergen Bank A/S

(Incorporated with limited liability in the Kingdom of Norway)

U.S.\$200,000,000

Euro-Commercial Paper Programme

The undersigned are pleased to announce commencement of the Programme for which they will act as Dealers.

Bergen Bank A/S

Credit Suisse First Boston Limited

Enskilda Securities  
Skandinaviska Enskilda Limited

Merrill Lynch Capital Markets

Morgan Stanley International

April, 1986

## INTL. COMPANIES & FINANCE

### Bangladesh set to privatise banks

THE BANGLADESH government is about to start a gradual privatisation of three of its four state-owned commercial banks and other major industries.

Rupali Bank, the smallest of the four, will be the first candidate. The finance ministry in Dhaka is preparing to sell 10 per cent to the public through the Stock Exchange by the end of this year. Another 35 per cent, and stakes in the other two—Agrani and Janata—will follow later.

This has been decided by the military regime headed by President Hussain Mohammed Ershad and is unlikely to be affected by the country's recent general election, so long as the President remains in power. It is in line with an industrial policy launched four years ago.

"We will start first with banks, then fertiliser factories, then paper mills, taking out the big industries first," President Ershad said. "We will sell the shares. That will generate funds and the Stock Market will be activated." Chemical and engineering factories are also on the list.

A new industrial policy document is being finalised by the Government in consultation with international aid agencies including the World Bank which is linking the policy with the award of a \$200m structural

adjustment loan to Bangladesh. Last week the Government rejected calls from industry for the 49 per cent share sales to be increased to 51 per cent which would have meant that the private sector took charge of the management.

Mr M Syeduzzaman, financial advisor to the President with the rank of cabinet minister, says the general policy is partly aimed at spreading shareholdings among smaller investors, and bringing new private sector direction to companies with the appointment of board repre-

sentatives of the new shareholders. He estimates that the percentage of the country's industrial assets owned by the government has been reduced from 85 per cent in 1972 to 45 per cent of a considerably larger industrial base now.

About 35 jute and 37 textile mills, amounting to about 40 per cent of the country's installed jute and textile production capacity, have been handed back to their Bangladesh former owners. A further 1,000 small

owned companies such as Philips, Pfizer, GEC and Bangladesh Tobacco (part of BAT) are being reduced to 10 to 20 per cent by sale of shares or by the Government not taking up new share issues.

But the Government's two public sector banks mainly involved in industrial lending, Shipra and Krishi, have had their operations severely curtailed because of a liquidity crisis. The company said they are only recovering 5 to 14 per cent of their private sector loans.

John Elliott, recently in Dhaka, on the industrial policy being implemented by the military regime headed by President Ershad

with a total of 28,000 shares (\$172m). According to the World Bank and other aid agencies have withdrawn from refinancing arrangements with the situation improved.

The average annual interest rate of the private sector increased from 15 per cent in 1973-74 to 17 per cent in 1978-79 and 18 per cent in 1979-80 and 19 per cent in 1980-81, according to the country's third five-year plan for 1980-85 which envisages a further 10 per cent expansion.

President Ershad says he hopes the main political opposition alliance in the recent elections, led by the Awami League, will have a more standing with the government on these policies.

The Awami League has in the past had more left-wing policies than President Ershad, but it seems unlikely to interfere in the privatisation programme. Mr Kamal Hossain, a Dhaka lawyer and one of Awami's most prominent leaders, is involved in the setting up of an offshoot of Al Baraka Bank of Saudi Arabia in Bangladesh which will be 70 per cent owned by Saudi interests.

There are already about 10 foreign banks in the country and the government's basic policy is not to admit any more until they have consolidated their business.

### Alps Electric suffers 42% fall

BY CARLA RAPOPORT IN TOKYO

ALPS ELECTRIC, one of Japan's major components makers, showed a drop of 42.7 per cent in pre-tax profits in the year to March. The company blamed its woes on sluggish sales, falling prices and the yen's appreciation.

Alps, which supplies most leading electronic Japanese exporters, saw sales drop 9.5 per cent to ¥284.44bn (\$1.89bn) and pre-tax profits down to

¥14.9bn from ¥26.5bn. The decline brings profits back almost to their 1983 level of ¥12.5bn.

Japanese exporters have been squeezing their suppliers particularly harshly in recent months in their efforts to hold down the prices of exports.

Alps is a leading maker of video cassette recorders and computers. The company said, however, that sales of magnetic heads (used in audio and video

equipment) had continued to grow last year, while floppy disc drives had fallen sharply. The company also said that it has expanded the original equipment manufacturer (OEM) business sharply this year, which would help profits to recover in the current year. Orders for floppy disc drives in April, for example, amounted to ¥37.8bn, close to the all-time high posted in May of last year.

### Ricoh earnings decline by 11%

BY OUR TOKYO STAFF

RICOH, the leading Japanese maker of copiers and other business machines, suffered a 11.2 per cent drop in pre-tax profits to ¥25.85bn (\$157.5m) in the year to March, ascribed to a fall in the profitability of yen-denominated exports.

In addition, the company suffered a foreign exchange loss of about ¥600m and increased de-

preciation expenditures accruing from capital spending of ¥48.5bn.

Net profits were 10 per cent lower at ¥12.46bn, on sales of ¥490.13bn, up 8.5 per cent from a year before. The annual dividend is unchanged at ¥10.

For the current year, Ricoh expects to suffer the persistent negative impact of the

surge in the yen. However, domestic sales of plain paper copiers, facsimile equipment and word processors are expected to increase.

Full-year pre-tax profits are projected at ¥19bn, down 26 per cent, with net profits of ¥9bn, down 28 per cent, on sales of ¥520bn, up 6.1 per cent from the previous year.

### Changing demand hits Hattori Seiko

HATTORI SEIKO, Japanese maker of watches and clocks, suffered a 55.9 per cent plunge in pre-tax profits to ¥3.5bn (\$20.8m) in the year to March, writes Yoko Shibata in Tokyo.

Net profits rose 7 per cent to ¥2.76bn, on turnover which at ¥373.21bn showed a dip of

0.1 per cent.

The earnings setback was blamed on a shift in watch demand to lower-priced products both at home and abroad, and a drop in dividend receipts from its overseas subsidiaries.

Exports of medium and high-quality watches slowed down,

affected by the yen's surge, but exports of spectacle liquid crystal display television sets and jewellery showed gains.

The annual dividend is unchanged at ¥10. The company lowered yen-denominated prices of watches by an average 10 per cent last month.

### Suzuki exports help produce record profits

By Yoko Shibata in Tokyo

SUZUKI MOTOR, Japan's largest producer of compact cars and third biggest maker of motorcycles, achieved record pre-tax profits of ¥18.09bn (\$107.5m), up 5.9 per cent in the year to March.

A surge of 24.4 per cent in sales to a peak ¥722.34bn was helped chiefly by exports.

Thanks to a four-fold expansion of Suzuki's US export allocation from 17,000 units in 1984 to 60,000 units in 1985—supplying one-line cars to General Motors—Suzuki's exports increased 58 per cent in unit terms. Domestic unit car sales rose 4 per cent.

Motorcycle exports advanced by 8 per cent, offsetting stagnant domestic sales. As a result, the ratio of export to total turnover rose to 50 per cent from 44 per cent a year earlier.

Operating profits fell 5.3 per cent due to higher depreciation costs, and increased profits from investments and repayment of loans enabled the company to report the increase in pre-tax profits. The annual dividend is being kept at ¥6.50 per share.

For the current year, the company says its outlook depends on the strength of the yen against the dollar. Suzuki initially forecast pre-tax profits of ¥15bn for the year on the assumption of an exchange rate of ¥180 to the dollar. But it foresees no earnings growth if the yen hovers around ¥165 to the US currency.

NOTICE OF ADJUSTMENT TO CONVERSION PRICE



BTR plc

(Incorporated with limited liability in England under the Companies Acts 1862-93)

U.S.\$150,000,000  
5 per cent. Convertible Subordinated Bonds due 1995  
(the "Dollar Bonds")  
and  
ECU 170,000,000  
4 1/4 per cent. Convertible Subordinated Bonds due 1995  
(the "ECU Bonds")

Notice is hereby given in accordance with Condition 5(b) (d) of the ECU Bonds and Condition 4(b) (d) of the Dollar Bonds that as at and from 15th May, 1986 the Conversion Price for the 25p in the capital of BTR plc (hereinafter referred to as a "Share" or the "Shares"). Terms defined in the Trust Deed dated 2nd December, 1985 constituting the Bonds (the "Trust Deed") shall, unless the context otherwise requires, bear the same meaning as in this Notice.

On 15th May, 1986 BTR plc issued a total of 550,518,152 Shares credited as fully paid by way of capitalisation of part of the share premium account of BTR plc (the "Capitalisation Issue") (i) to holders of Shares registered at the close of business on 18th April, 1986 in the proportion of one new Share for every two Shares then held and (ii) to the holders of ECU Bonds and the holders of Dollar Bonds to whom Shares have been issued upon conversion of their Bonds from and including 19th April, 1986 to but excluding 15th May, 1986 in the proportion of one new Share for every two Shares so issued. The Conversion Price in force immediately prior to the Capitalisation Issue was 390p per Share. The aggregate nominal amount of the issued Shares immediately prior to the Capitalisation Issue was £275,259,076 and the aggregate £412,888,614.

Copies of the report of the auditors of BTR plc and of the certificate of a director of BTR plc required pursuant to Clause 6(1) of the Trust Deed are available for inspection at the offices of the Principal Paying and Conversion Agent and the Paying and Conversion Agents listed below.

PRINCIPAL PAYING AND CONVERSION AGENT

Swiss Bank Corporation  
Aeschenvorstadt 1  
P.O. Box 1132  
CH-4002 Basle  
Switzerland

PAYING AND CONVERSION AGENTS

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London EC2P 2BR  
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14 Rue d'Arlingen  
Luxembourg

Swiss Bank Corporation (Canada)  
207 Queen's Quay West  
Suite 780, Toronto  
Ontario M5S 1A7  
Canada

21st May, 1986

By: Swiss Bank Corporation, Basle  
For and on behalf of: BTR plc

### JAPANESE RESULTS

NIPPON GAKKI

MUSICAL INSTRUMENTS

	11 months to Mar '86	11 months to Apr '85
Revenue (bn)	348	357
Pre-tax profit (bn)	12.93	13.50
Net profit (bn)	4.71	5.50
Net per share	31.19	41.91
Dividend	10	10

PARENT COMPANY

ORIENT LEASING

LEASING, FINANCE

	Half-year to Mar '86	Half-year to Mar '85
Revenue (bn)	182	198
Pre-tax profit (bn)	7.18	4.34
Net profit (bn)	1.86	1.86
Net per share	34.01	30.96
Dividend	0	0

PARENT COMPANY

Handwritten text in Arabic script: "مكتبة جامعة القاهرة"

## INTL. COMPANIES &amp; FINANCE

## Fed sets terms for Citicorp deal

BY PAUL TAYLOR IN NEW YORK

THE US Federal Reserve Board yesterday conditionally approved Citicorp's planned acquisition of Quotron, the electronic information service, but said that, if the deal went through, Citicorp would have to divest Quotron's hardware assembly operations within two years.

The decision appears to remove one uncertainty hanging over Citicorp's \$19-a-share or \$800m bid for the Los Angeles-based group - a bid which was rejected as "inadequate" last month by Quotron's board.

Citicorp has said that, while it does not intend to increase the offer, it remains interested in Quotron and may go directly to Quotron's shareholders with a hostile tender offer.

The banking group had been required to seek Fed approval for its proposed bid because the Fed is the primary regulator of bank holding companies.

If Citicorp proceeds with its bid, it could challenge the Fed's requirement that it shed the computer terminal hardware assembly and installation business before the two-year deadline.

The Fed said Citicorp would also have to drop certain electronic travel and reservation services now offered by Quotron and restrict Quotron's office services to the processing of financial, banking or economic data.

But Quotron's main business - providing stock, bond and other financial instrument quotes - would remain intact.

## Norsk Data prepares to buy into Matra

BY OUR FINANCIAL STAFF

NORSK DATA, the Norwegian computer group which has a London stock market listing, is preparing the ground for a major share purchase in Matra Data Systems of France.

The two companies are in talks which could lead to a decision on Norsk Data taking 10 per cent of

Matra Data, part of the Matra electronics and defence group, within the next couple of months.

Mr Rolf Skar, the head of Norsk Data, said yesterday that the deal - if concluded - could eventually lead to Norsk Data taking as much as a 34 per cent equity participation in the French company.

The two groups have a number of trading links. "The co-operation between us is close," said Mr Skar. Matra Data has developed, manufactured and marketed Norsk Data equipment in Italy and France for several years.

For 1985 Norsk Data increased pre-tax profits by more than half to

Nkr 360m (\$47.6m) on sales of Nkr 1.9bn. When announcing the figures, Norsk Data said sales in France had been boosted by its links with the Matra group.

Matra is controlled by the French state. Its net earnings in 1985 totalled FFr 110m (\$15.5m) on sales of FFr 14.9bn.

This announcement appears as a matter of record only.

New Issue

15th May, 1986



U.S.\$90,000,000

## SEKISUI CHEMICAL CO., LTD.

2¾ per cent. Guaranteed Notes Due 1991

with

Warrants

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The Notes will be unconditionally and irrevocably guaranteed by

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MAY 1986

U.S. \$100,000,000

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Sony Corporation

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Co-Dealers

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## CREDIT SOCIETY LIMITED

U.S.\$90,000,000

Revolving Underwriting Facility  
due 1990  
(Series I)

Notice is hereby given that for the one month interest period from the 21st May 1986 to the 23rd June 1986 the following will apply:-

- (1) Rate of Interest 7.225% pa
- (2) Interest amount US\$3,311.46 per US\$500,000 nominal
- (3) Interest payment date 23rd June 1986

MERRILL LYNCH  
INTERNATIONAL BANK LTD  
Agent Bank

## CANADIAN \$75,000,000

## PROVINCE OF NEW BRUNSWICK

Floating Rate Notes  
due May 1994

Notice is hereby given that in respect of the interest period from May 21, 1986 to August 31, 1986 the Notes will carry an interest rate of 7.225% per annum. The amount payable on August 31, 1986 against the Notes is \$75,000,000. The interest on the Notes will be payable on August 31, 1986 and August 31, 1987. The interest on the Notes will be payable in Canadian dollars. The interest on the Notes will be payable in US dollars at the current exchange rate. The interest on the Notes will be payable in US dollars at the current exchange rate. The interest on the Notes will be payable in US dollars at the current exchange rate.

21 May 1986  
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May 1986



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**MARUBENI INTERNATIONAL FINANCE**  
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**MARUBENI AMERICA CORPORATION**

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Issuing and Paying Agent

The Chase Manhattan Bank, N.A.

Arranged by

Citicorp Investment Bank Limited J. Henry Schroder Wagg &amp; Co. Limited

All of these Securities have been offered outside the United States.  
This announcement appears as a matter of record only.

April 1986

\$30,000,000

AIRCAL

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## Lloyds Bank Plc

(Incorporated in England with limited liability)

U.S.\$500,000,000

Primary Capital Undated Floating Rate Notes (Series 2)

In accordance with the terms and conditions of the Notes and the provisions of the Agent Bank Agreement between Lloyds Bank Plc and The Chase Manhattan Bank, N.A., dated 19th November, 1985, notice is hereby given that the Rate of Interest for the interest period commencing on 21st May, 1986 has been fixed at 7.225% per annum. The interest on the Notes will be payable on 21st August, 1986 (making an interest period of 92 days), and payment of US\$156.66 will be made against Coupon No. 1.

21st May, 1986  
By: The Chase Manhattan Bank, N.A., London, Agent Bank

## THE FINANCIAL TIMES

is proposing to publish a Survey on

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INDUSTRY

July 9 1986

For further information, please contact:

MARK FISHER

on 01-248 8000 ext 3389

Publication date is subject to change at the discretion  
of the EditorMACFARLANE GROUP  
(CLANSMAN) P.L.C.

## Highlights from the 1985 Accounts

Year ended 31st December	1985	1984
Turnover	£48.1m	£41.5m
Profit before tax	£4.0m	£3.0m
Total Dividend	£0.8m	£0.7m
Earnings per Share	7.8p	6.4p
Dividend per Share	2.5p	2.2p

"The company once again achieved record sales and profits".

"The increase in dividend of 15% continues our record of having paid an increased dividend every year since the group was established in its present form in 1973".

SIR NORMAN MACFARLANE  
Chairman

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Accounts are available  
from The Secretary,  
Macfarlane Group (Clansman) P.L.C.,  
Sutcliffe Road, Glasgow G13 1AH.



## INTERNATIONAL COMPANIES and FINANCE

## Bank floaters better met than fixed-rate issues

BY CLARE PEARSON

ROYAL BANK of Canada and Banco di Roma launched floating-rate note issues yesterday. Although investors clearly prefer sovereign names at the moment, both banks' paper was far better received than the day's three fixed-rate issues. The fixed-rate sector was blighted by falls in US Treasury prices after a higher-than-expected upward revision of first-quarter US GNP growth, showing a rise of 3.7 per cent, was announced.

Royal Bank of Canada's \$300m subordinated issue matures in 1993 years. It is thus virtually perpetual debt, although Canadian banks are debared from launching undated bonds. The issue pays a point over the mean of three-month London interbank bid and offered rates and is priced at par. There is no borrower's call option for the first five years. Thereafter the bond may be called at par. Fees total 42 basis points, with 21 basis points for selling.

The issue traded rapidly at around 100.15 on the bid side yesterday so that some dealers commented that it could have been priced less generously. Orlon Royal Bank led the deal.

Morgan Guaranty led a \$200m floating-rate note issue for Banco di Roma, after competitive bids had been submitted by various houses last week. The 15-year bond pays interest at the rate of three basis points over the six-month London interbank offered rate and has an issue price of 100.05. Fees total 14 basis points.

Banco di Roma's bond is called after the first year at

par. Since call options are unpopular among investors at the moment, especially on issues for banks, many dealers thought this would make trading difficult. Morgan Guaranty quoted a bid price of 99.92, just within the fees, yesterday afternoon.

Three new fixed-rate dollar bonds were launched yesterday morning before the announcement of the revised GNP estimates. Their trading prices were marked down in the course of the afternoon as US Treasury bond prices fell.

Two Australian borrowers, the Australian Industry Development Corporation (AIDC) and State Bank of Victoria, issued bonds, both lead-managed by Morgan Stanley. AIDC's \$100m 10-year bond, guaranteed by the Commonwealth of Australia, bore an 8 1/4 per cent coupon and was priced at 101.1. Although dealers said the price looked reasonable, they noted that there is an excess of 10-year paper at the moment.

The State Bank of Victoria's \$125m bond matures in seven years' time. It has a coupon of 8 1/4 per cent and a price of 100.1. At the time of launch it gave a yield spread over comparable Treasuries of 65 basis points.

Nomura International launched a \$100m seven-year bond for Sony the Japanese electronics group which will be partially swapped into D-Marks. The bond carries a coupon of 8 1/4 per cent and the issue price was set at 99.1. Dealers said this bond would be hard to sell as investors prefer state-backed to corporate names. After the fall

in US Treasury prices this issue was quoted by the lead-manager at a discount to issue price of 34 per cent.

Nomura International said it would launch today an equity-linked bond for Alps Electric of Japan.

In the French franc sector, the penultimate issue of the calendar was launched, for Euratom, the European atomic energy commission. The issue amount was FF 300m, the coupon was 7 1/4 per cent and issue price par. Credit Commercial de France led the 12-year deal and quoted a bid price of 98, the level of the total fees.

The Swiss franc sector saw the first new issue for some days, for Oesterreichische Postsparkasse, the Austrian bank. The Sfr 150m 10-year issue is guaranteed by Austria. The issue price was set 100.1, and the coupon at 5 per cent. Many dealers thought this slightly too low, especially as the bond may be called in seven years' time at 101, and thereafter at declining premiums. Union Bank of Switzerland led the deal, 4.09.

A Sfr 200m equity warrants issue was priced. The coupon was reduced to 4 1/4 per cent from an indicated 4 1/2 per cent. The exercise price on the warrants was set at Sfr 365p, representing a 14.1 per cent premium over the last five days. The share price closed in London yesterday at 316p.

The D-Mark sector traded thinly yesterday. Prices were marked down by up to 1 point.

## Japanese bank equity ratios revised

By Yoko Shibata in Tokyo

THE JAPANESE Ministry of Finance has released a final draft of new guidelines for the minimum equity ratios for all domestic banks. The move comes as part of the rapid deregulation of Japanese financial markets. It has been keenly awaited by many foreign banks, which claim that the lax approach towards equity-to-asset ratios in Japan has given domestic banks an unfair advantage in international lending.

The new guidelines will

Equity ratio at end-March 1985	Deposits	Total
	CDs	assets
	%	%
City banks	3.3	2.4
Long-Term Credit Bank	3.1	2.5
Trust banks	5.3	2.7
Regional banks	4.8	4.1
Mutual banks	4.0	3.3
Credit associations	5.4	4.6

require all banks, from commercial banks to credit associations, to achieve equity-to-asset ratios of at least 4 per cent within five years. Currently commercial banks' average equity ratios (net worth/deposits) plus certificates of deposits are 3.3 per cent.

In the past the MoF guidelines limited banks to maintain equity ratios of around 10 per cent. Most banks considered this figure unattainable, and as a result, did not pay serious attention to it. The new guidelines will, in part, reflect the more pragmatic approach of the ministry. At the same time, the new guidelines will redefine the terms of Japan's equity-to-asset ratio in order to take into account recent changes in banks' fund-raising practices. For example, the denominator in the calculation has been changed from "deposits plus CDs" to "deposits plus certificates of deposits".

Nonetheless, a MoF official said that although the guidelines are strict, they are proper administration and sound management, failure to attain the target will not result in a penalty.

The new equity-to-asset ratio of 4 per cent is still below the international standard of around 6 per cent. The new guidelines will, however, call upon Japanese banks with overseas branches to achieve a 6 per cent equity-to-asset ratio. They will have until 1987 to achieve this target and will be able to add 70 per cent of the latent profits held in their securities portfolios to the equity side of the equation. These latent profits, or hidden reserves, are the difference between the current market value and the historic value of banks' securities.

As for the question of whether the inclusion of hidden reserves in net worth is internationally acceptable, the MoF said: "Actually the hidden reserves have been supporting Japanese banks' creditworthiness and the international banking community would surely find the inclusion of hidden reserves acceptable."

Concerning dividend payments, the new guidelines will retain the current payout ratio limit, which stipulates that banks' dividends must be limited to 40 per cent of profits in any given period. The restriction on the dividend rate, now limited to 15 per cent of the par value of the shares, will be dropped.

In addition, the ministry will ask the banks to report periodically their assets on a consolidated basis including overseas subsidiaries. It has become difficult to grasp the actual state of Japanese banks' finances by monitoring their activities on an unconsolidated basis because their overseas subsidiaries have grown in number from 76 at the end of 1980 to 161 at the end of last month.

## N AMERICAN QUARTERLIES

Company	Revenue	Net profit	Net per share
CAMPBELL SOUP	1,090m	1,020m	0.10
Third quarter	1,090m	1,020m	0.10
Revenue	1,090m	1,020m	0.10
Net profit	1,020m	1,020m	0.10
Net per share	0.10	0.10	0.10
Fourth quarter	1,090m	1,020m	0.10
Revenue	1,090m	1,020m	0.10
Net profit	1,020m	1,020m	0.10
Net per share	0.10	0.10	0.10

## Amid the parties, bond dealers have serious matters to discuss AIBD weighs up automated trading

BY ALEXANDER NICOLL IN SINGAPORE

THE EUROBOND market has plenty to celebrate as it descends on Singapore today for the annual meeting of the Association of International Bond Dealers (AIBD). But it also faces debates, the outcome of which will be crucial to an orderly future.

The occasion has traditionally been just as important as a social event, where participants in a far-flung, bruising market can relax and get to know one another, as one providing a forum for serious discussion. And as dealers and syndicate managers hop taxis between parties, they will feel well pleased with events since last year's meeting in Helsinki.

Falling interest rates, the trend towards securitisation of lending, and increasing use of swaps and other innovative techniques, have produced record new issue and trading volumes. The \$134bn of new paper last year expanded the total amount of Eurobonds in issue to \$430bn, a four-fold increase in five years. This year's pace seems set to produce another record. Trading turnover ballooned to \$2,200m in 1985, approaching 10 times its 1980 level.

Though competition in the new issue market remains extremely tough, the inexorable rise in prices has allowed most underwriters to take into account recent changes in banks' fund-raising practices. For example, the denominator in the calculation has been changed from "deposits plus CDs" to "deposits plus certificates of deposits".

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makers' committee, which is due to compile a register of about 80 "reporting dealers." Each of these will be expected to tell the AIBD the price of each trade.

Beyond this, however, trading methods in the Eurobond

equities. Initially, a study of the NASD's system was intended to produce a screen service showing last-trade information, limited price data and an automatic execution system for small orders.

The new proposal is far more ambitious. At issue is whether Eurobond dealers should insert prices on the screen, be identified as making them and be committed to honouring them for specified lot sizes. If this were done, it would parallel NASDAQ's "Level 2" screens rather than the more limited "Level 1," on which the best price is given without identifying the marketmaker giving it.



Mr Damien Wigney, relinquishing the AIBD chairmanship after four years

established a secondary market are the subject of discussions which are likely to provide the most important debate at the Singapore conference. It will centre around the AIBD board's proposal of a far-reaching study on an automated quotation and trading system. Though few would dispute the virtues of the principle, there is far less certainty about exactly what functions the system should perform.

The Board's plan for which it is seeking a special levy, involves close co-operation with the US National Association of Securities Dealers, which operates the NASDAQ automated quotation system for

The AIBD's secondary market makers appear more cautious. Their committees voted unanimously at the end of February that the AIBD should for the moment go no further than last-trade data and anonymous quotes. "The time being no consideration be given to a screen showing quotes of particular market makers and their size commitment." In the longer term, it said, it would consider a system identifying dealers on a small list of bonds "with some commitment on price and size for automatic execution."

## Greek loan passes test with flying colours

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

THE LATEST Eurocredit for Greece has been increased by \$70m to \$370m following heavy demand in syndication, especially from European and Middle Eastern banks.

Altogether \$234m was raised from the market in general syndication, leaving the arranging banks to take up the balance. Bankers said that this result means that Greece has passed with flying colours its

first test of the market since it was forced to seek financial assistance from the EEC last year.

Among factors contributing to the eight-year loan's success was its 4 per cent per cent interest margin over Libor, the London interbank offered rate for Eurocurrency deposits. This is well above the level at which other European countries raise money and proved attrac-

tive to banks.

Market expectations last night were that Greece could now return to the market on more aggressive terms—officials have already said they will be seeking funds later this year for state sector companies such as OTE, the telecommunications authority and the Public Power Corporation.

However, a question mark still hangs over the willingness

of Japanese banks to lend to Greece. They took only 23 per cent of the latest loan and many have said they are close to the lending limits for the country.

Bankers say this caution could be reversed given the success of the new deal, especially if Greece can continue to report an improving financial and economic outlook. Also less enthusiastic on the latest loan were US banks

## FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market.

Country	Issue	Yield	Price	Change
USA	100% 10/15	10.00	100.00	0.00
USA	100% 10/20	10.00	100.00	0.00
USA	100% 10/25	10.00	100.00	0.00
USA	100% 10/30	10.00	100.00	0.00
USA	100% 10/35	10.00	100.00	0.00
USA	100% 10/40	10.00	100.00	0.00
USA	100% 10/45	10.00	100.00	0.00
USA	100% 10/50	10.00	100.00	0.00
USA	100% 10/55	10.00	100.00	0.00
USA	100% 10/60	10.00	100.00	0.00
USA	100% 10/65	10.00	100.00	0.00
USA	100% 10/70	10.00	100.00	0.00
USA	100% 10/75	10.00	100.00	0.00
USA	100% 10/80	10.00	100.00	0.00
USA	100% 10/85	10.00	100.00	0.00
USA	100% 10/90	10.00	100.00	0.00
USA	100% 10/95	10.00	100.00	0.00
USA	100% 10/00	10.00	100.00	0.00
USA	100% 10/05	10.00	100.00	0.00
USA	100% 10/10	10.00	100.00	0.00
USA	100% 10/15	10.00	100.00	0.00
USA	100% 10/20	10.00	100.00	0.00
USA	100% 10/25	10.00	100.00	0.00
USA	100% 10/30	10.00	100.00	0.00
USA	100% 10/35	10.00	100.00	0.00
USA	100% 10/40	10.00	100.00	0.00
USA	100% 10/45	10.00	100.00	0.00
USA	100% 10/50	10.00	100.00	0.00
USA	100% 10/55	10.00	100.00	0.00
USA	100% 10/60	10.00	100.00	0.00
USA	100% 10/65	10.00	100.00	0.00
USA	100% 10/70	10.00	100.00	0.00
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USA	100% 10/05	10.00	100.00	0.00
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## Guinness Peat boosted by Britannia disposal

Guinness Peat Group yesterday reported a surge from £6.81m to £9.42m in interim taxable profits, with insurance and related companies all returning results in line with expectations.

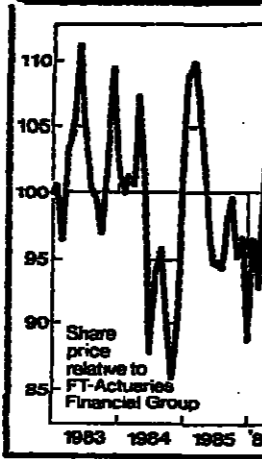
In addition, retained profits for the six months to end-March 1986 were boosted from £2.48m to £10.02m by a £4.61m extraordinary credit (debit £837,000), which mainly reflected the sale of the group's holdings in Britannia Arrow Holdings.

Besides this disposal, the period was also dominated by other developments of a capital nature; a further £7m of subordinated convertible unsecured loan stock was issued; GPA Group, an associate, tripled its capital base by issuing £125m in convertible preferred shares; and Mitsubishi group of companies bought a stake in GPA from GSCC (equal in size to the group's) for \$56.5m — a valuation of over \$30m more than the carrying value on the Guinness balance sheet.

Given the terms of GPA's new issue, Guinness expects to continue to equity account for GPA for several years.

Since the end of the half-year, Guinness has issued £25m of unsecured notes which, together with property realisations, has injected about £100m of cash into the group.

### GUINNESS PEAT



so far this year.

The interim dividend is being raised from 0.8p to 0.9p. Last year's final was 1.1p with taxable profits at £17.56m.

Guinness expects a satisfactory second half with dividends continuing to increase and further progress in broadening the range of profitable operations.

### comment

As takeover bids go Guinness Peat's bid for Britannia Arrow

was spectacularly unsuccessful. Nonetheless the fruits of its short-lived shareholding did produce £8m after expenses and before tax for these results. Indeed, bid profiteering apart, Guinness Peat's first half performance was predictably pedestrian.

The company has been characteristically uncommunicative about the performance of individual divisions leaving analysts to conclude that aviation fared well—although its contribution was diluted by the dollar exchange rate—while investment banking and insurance were relatively lack lustre. Insurance, however, is notoriously cyclical and a buoyant second half should boost profits to £22m for the year as a whole producing a p/e of 13 on yesterday's share price, which rose by 1p to 95p. Thus far Guinness Peat's diversification strategy has confounded the City. The company expressed its intention to steer clear of the areas of intense competition after Big Bang one minute and announced the acquisition of Henderson Crosthwaite the next. Its sights are now set on the retail financial services sphere, however, discussions have already begun with a US fund manager and Guinness Peat will then turn to fund management in the UK.

## RFD agrees to £27m bid by Scapa

By Martin Dickson

Scapa Group, the industrial holding company, yesterday announced an agreed £26.6m takeover bid for RFD Group, the textiles and parachute manufacturer which has been fighting a hostile £25m bid from Wardle Storeys, the plastic sheeting business.

Scapa, which supplies specialist technical products to industry, including textiles, made clear that it was mainly interested in acquiring RFD's textiles division and would be discussing the possibility of a management buy-out of the other parts of the business.

It said the RFD's textiles division would benefit from Scapa's international presence, together with its wider involvement in technical and industrial textiles.

Scapa accompanied the offer with an estimate that its pre-tax profits in the year to March 31 were at least £29m, compared to £27.4m the previous year, with a final dividend of not less than 5.1p a share, making a total of not less than 12.1p, up 10 per cent.

Scapa, advised by J. Henry Schroder Wagg, is offering one of its shares plus 52p in cash for every five RFD shares. The new shares will not qualify for Scapa's final dividend.

## Waddington in friendly talks

John Waddington, the paper and packaging group, is understood to be in friendly talks with Metal Closures which makes metal and plastic caps, with the aim of launching an agreed takeover of close to £40m.

Closures' share price has been rising strongly since late March when it reported a 45 per cent fall in pre-tax profits to £3.9m. Last night the price was 183p compared to 135p immediately after the profits announcement, outperforming the market by around 50 per cent.

Yesterday Mr David Perry, Waddington's managing director, refused to comment on a possible takeover although he is known to be keen to expand Waddington's plastic and packaging activities.

### Coloroll/Staffs

Coloroll, the home furnishings group, which on Monday announced the acquisition of Blitons the earthenware tableware group, is keeping up the pressure on its previous bid target Staffordshire Potteries.

It announced yesterday that it had taken its ordinary share stake in Staffordshire up nearly 6 per cent to the maximum allowable 29.9 per cent. It also owns or has pledges for 75 per cent of Staffordshire's preference shares.

**JAMES CREAM PLC**  
(Incorporated in Ireland)  
RIGHTS ISSUE OF 4,323,454 NEW ORDINARY SHARES OF 25p EACH AT 183p.00p, G.W. 318p

NOTICE IS HEREBY GIVEN to persons registered as holders of Ordinary Shares of James Cream plc who have not registered their address within the Republic of Ireland, and who have not supplied an address to the Company within the Republic of Ireland for the giving of notices, that the following documents (being copies of the documents which will be despatched to the shareholders of the Company in connection with and constituting the offer of 4,323,454 new Ordinary Shares of 25p each) shall be available for inspection at the offices of the Company at 15, Abchurch Lane, London EC4N 3DF, during business hours, on any day between Monday, 19th May 1986, and Friday, 23rd May 1986, and that any person who wishes to exercise his or her right to subscribe for the new Ordinary Shares should do so by completing and returning the form of application and subscription, which is enclosed in the circular letter in connection with the issue, to the Company at the above address by 11.00 a.m. on Friday, 23rd May 1986.

(ii) This provisional statement letter in connection with the above rights issue is intended to be provisionally allotted pursuant to the provisions of the Companies Act, 1985.

By Order of the Board  
J. J. McLAUGHLIN, Secretary

Registered Office:  
James Cream plc,  
Dublin 2,  
21st May 1986.

**LADBROKE INDEX**  
1366-1312 (+11)  
Based on FT Index  
Tel: 01-427 4411

# Taylor Woodrow

Construction · Property · Homes

## Teamwork achieves 25th consecutive year of growth

Mr Frank Gibb, Chairman and Chief Executive, reports:

In 1985 the company recorded its 25th consecutive year of growth, with both turnover and profits up in the year — a not unsatisfactory performance.

The group now embraces a great breadth of activities including not only engineering and construction but also substantial property and house development interests. We also have major involvements in coal and gas production, sand and gravel operations and a host of allied activities.

### ACCOUNTS

Turnover of the group was £812.2 million compared with £750.2 million for the previous year, an increase of 8.3%.

Profits before taxation were £53.65 million compared with £44.23 million for 1984, an increase of 21.3%. Turnover and profit before taxation show a continuation of the sustained rate of growth in recent years. Profits from our property operations, where gross rents increased from £30.4 million to £34.3 million, were particularly good, whilst North American activities have also made a substantial contribution to profitability.

### FUTURE OUTLOOK

The work available to the construction industry in the U.K. is below its capacity and there has been little increase in public sector investment. We face keen competition internationally, but our experienced construction companies continue to demonstrate that work can still be won and profits earned.

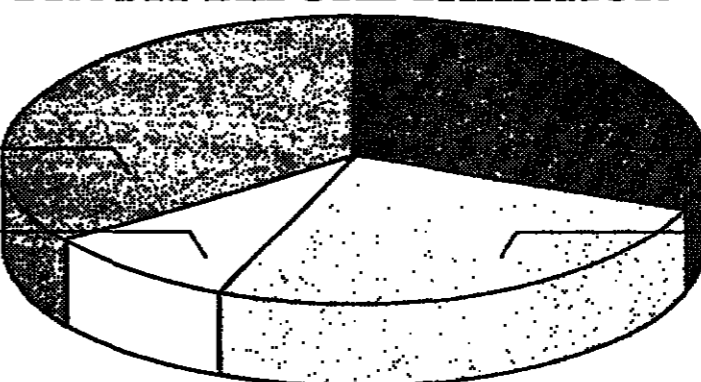
We face the future with great confidence and with the encouragement of a number of recent successes which will stand the group in good stead for the coming years.

The mandate for the Channel Tunnel project was awarded to the Channel Tunnel Group Limited, of which Taylor Woodrow is a founder member, since when the joint British and French Group has entered into a negotiated concession agreement for implementation of the scheme.

We are also participating in a consortium which hopes to start work shortly on the proposed Canary Wharf development in London's docklands, which is planned to include 10 million square feet of business accommodation.

### PROFIT BEFORE TAXATION

CONSTRUCTION  
£18,886,000  
OTHER  
£4,390,000



PROPERTY  
£16,333,000  
HOMES  
£14,045,000

1985 — £53,654,000

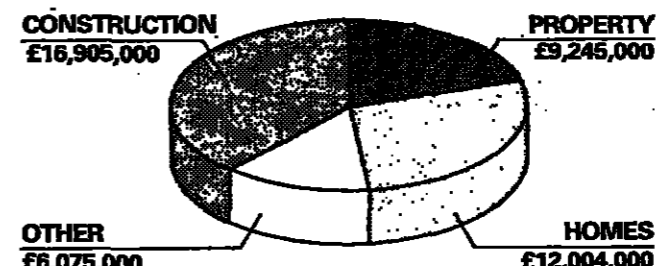
After deduction of taxation and minority interests the profit available to shareholders was £38.3 million compared with £25.7 million in 1984.

An increased final dividend of 13.25p per share is recommended which, together with the interim of 4.0p per share already paid, makes a total payment of 17.25p per share for the year, an increase of 15% over the 15.0p paid for 1984.

A surplus of £27.3 million arising from property revaluation has been credited to revaluation reserves and accordingly total shareholders' funds including retained profits, now amount to £398 million, equivalent to 553p per share.

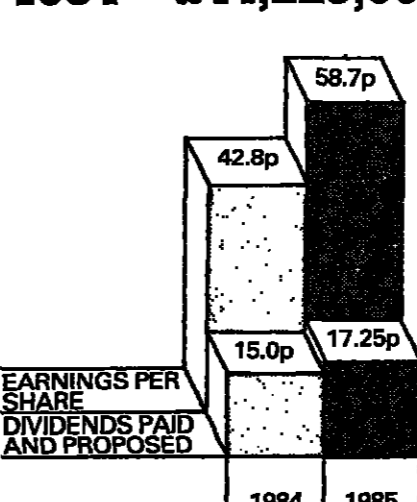
The successful completion last year of a rights issue raised £42.3 million which has been invested in the group's future growth. A one for one bonus issue of shares is proposed.

CONSTRUCTION  
£16,905,000  
OTHER  
£6,075,000



PROPERTY  
£9,245,000  
HOMES  
£12,004,000

1984 — £44,229,000



EARNINGS PER SHARE  
DIVIDENDS PAID  
AND PROPOSED

Opportunities are also being pursued for the undertaking of major privately-financed construction projects. The company, as a strong supporter of the free enterprise system, considers such schemes to have great potential for the future.

We shall be continuing with our programme of carefully selected quality property and housing

land investments and are also seeking opportunities to expand our housing development activities. Taylor Woodrow is made up of teams of fine men and women throughout the world supported by the latest systems and high-technology and the considerable resources of the group. By their loyal and dedicated service they make an invaluable contribution to the progress of the Group.



Experience, expertise and teamwork—worldwide



## Savoy urges rejection of THF move

By Martin Dickson

A BATTLE between the board of the Savoy Hotel group and Trusthouse Forte, its largest shareholder, intensified yesterday when the board urged shareholders to reject THF's attempt to block a resolution at next week's AGM.

The resolution would allow the board to issue £500,000 nominal in new shares. This could substantially dilute THF's stake in the Savoy group, which it has long wanted to acquire.

THF has been thwarted by the Savoy's complicated shareholding structure, which gives it 69 per cent of the shares but only 42.5 per cent of the votes.

The Savoy said yesterday that the new shares would give the company a valuable flexibility to acquire additional assets. The directors believed "it would be quite wrong for the company not to have the usual powers in this respect, simply so that THF can maintain its present percentage shareholding."

They said it was their policy to manage the company in the best interests of all shareholders and not let its development be affected by the ambitions of THF.

### Tops Estates

Tops Estates has a full stock market listing, not one on the USM as stated in yesterday's FT.

## Wedgwood claims 'far superior' earnings record

By David Goodhart

Wedgwood, the 225-year-old pottery and china maker which is fighting a £145m hostile bid from the London International Group, yesterday said in its defence document that its record on earnings per share over the past five years was far superior to LIG.

Over that period Wedgwood's earnings rose by 104 per cent while LIG's rose by only 55 per cent. Sir Arthur Bryan, the chairman, also said that pre-tax profits for the year to March 29 mark another record and described a brokers estimate of £17m as "conservative." A final dividend of not less than 4.5p per share has been proposed by the directors for 1985.

Sir Arthur writes to shareholders: "We have built up a substantial base which was further strengthened by the £14m rights issue in November 1985. These funds are being used to help finance a major capital expenditure programme which will maintain Wedgwood's position as one of the most technologically advanced and efficient producers in the international tableware industry."

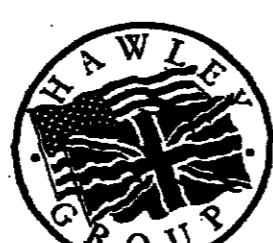
He advised shareholders not to swap Wedgwood for shares in a company "consisting of a mishmash of businesses ranging from contraceptives to electrical appliances."

### DIVIDENDS ANNOUNCED

	Current payment	Date	Corr. payment	Total year	Total last year
A & P Appledore ...int	2	Aug 22	2	4	6
J. Bibby ...int	2.75†	July 7	1	3.75	5†
Bridgend Group ...int	0.35	—	Nil	0.35	Nil
Brit & American Film ...int	3.6	June 18	3.21	5.81	4.73
Business Mortgages ...int	0.76	July 31	—	1.51	—
Country & New Town ...int	1.3	Aug 4	1	2.3	1.5
Cramphorn ...int	1.67†	July 27	2.1	3.77	5.17
Fine Art ...int	2.8†	July 4	2.1	4.9	3.2
Guinness Peat ...int	0.9	July 7	0.8	1.7	1.9
Lenda Holdings ...int	0.75	June 30	1	1.75	1
Majestic Inv ...int	2	July 4	0.85†	2.85	5.2
Wates 33 ...int	3†	—	3.75	6.75	2.75
RHM ...int	2.12†	July 11	1.24	3.36	5.39
J. Sainsbury ...int	3.88†	July 18	1.53	5.41	2.28
Spectra Automotive ...int	0.8	July 31	0.7	1.5	1.65
Tunstall Group ...int	0.8	July 31	0.7	1.5	1.65

Dividends shown in pence per share except where otherwise stated. † Equivalent after allowing for scrip issue. ‡ USM stock. § Unquoted stock. For nine months to Sept 1985. ¶ Special interim for three month period.

This announcement appears as a matter of record only.



**Hawley Group**

**£100,000,000**

**Sterling Commercial Paper Programme**  
with Eurodollar option

Dealers

Citicorp Investment Bank Limited

Merrill Lynch International Bank Limited

May 20, 1986.

**CITICORP INVESTMENT BANK**

## HAWTAL WHITING HOLDINGS plc

(Registered in England under the Companies Act 1985, No. 1431097)

### SHARE CAPITAL

Authorised  
£500,000

Ordinary Shares of 5p each

Issued and  
to be issued,  
fully paid  
£356,894

Application has been made to the Council of The Stock Exchange for admission by way of introduction of the whole of the issued share capital of Hawtal Whiting Holdings plc to the Official List. These securities are presently dealt in on the Unlisted Securities Market. In connection with a placing of 634,253 new Ordinary Shares of 5p each, which is subject to shareholders' approval at an Extraordinary General Meeting convened for 11th June 1986, application has also been made for such new Ordinary Shares to be admitted to the Official List. It is anticipated that admission will become effective and dealings will commence in the existing Ordinary Shares on 27th May, 1986 and in the new Ordinary Shares on 12th June, 1986.

Hawtal Whiting Holdings plc and its subsidiaries provide a range of design engineering consultancy services to the international automotive industry, including structural analysis, the manufacture of the models, project management and the supply of fully tested prototype vehicles and parts.

Listing Particulars relating to the Company are available in the Extra Statistical Services, copies of which may be obtained during usual business hours on any weekday (Saturdays and Public Holidays excepted) up to and including 3rd June, 1986 from:

**CHASE MANHATTAN SECURITIES**  
72-73 Basinghall Street, London EC2V 8DP and from  
Hawtal Whiting Holdings plc, Pembroke House,  
11 Northlands Pavement, Pitsea, Essex.

Copies of the Listing Particulars are also available from  
the Company Announcements Office up to and including 23rd May, 1986.

21st May, 1986

## Granville & Co. Limited

Member of The National Association of Security Dealers  
and Investment Managers  
8 Lovat Lane London EC3R 8BP Telephone 01-621 1212

High	Low	Company	Price	Change	div.(p)	%	Fully
146	118	Ass. Brit. Ind. Ord...	151	—	7.5	5.8	8.0
151	121	Ass. Brit. Ind. CULS...	136	—	10.0	7.4	—
83	43	Airsprung Group	83	—	6.4	7.7	13.8
46	28	Armstrong and Rhodes...	79	—	4.3	14.8	3.5
177	108	Bardon Hill	172	+1	4.0	2.3	21.8
68	42	Bry Technology	64	+1	4.3	6.5	7.8
201	86	CCL Ordinary	86	—	12.0	14.1	2.1
152	93	CCL 11pc Conv. Pl.	93	—	15.7	16.9	—
150	80	Carborundum Ord...	147	+1	8.1	6.2	7.1
84	53	Carborundum 7.5pc Pl.	92	—	10.7	11.8	—
65	46	Deborah Services	56	+1	7.0	12.5	5.8
42	20	Frederick Parker Group	24	—	—	—	—
112	59	George Blair	110	—	—	—	4.5
68	20	Ind. Precision Castings	58	—	3.0	5.2	16.3
218	156	Isla Group	158	—	15.0	9.6	12.0
122	101	Jackson Group	118	—	5.5	4.8	8.0
345	228	James Burrough	321	-2	15.0	4.7	10.1
99	85	James Burrough SpCl.	86	—	12.9	13.2	—
95	55	John Howard Group	58	—	5.0	8.9	—
1385	570	Minihouse Holding NV	1175	—	8.7	0.7	38.8
320	220	Record Ridgway Ord...	320	—	—	—	5.7
100	100	Record Ridgway 10pc Pl	100	—	14.1	14.1	—
82	22	Robert Jenkins	70	+1	—	—	9.1
34	28	Scrutons "A"	30	—	—	—	7.7
87	66	Torday and Carlisle	70	—	5.0	7.1	3.5
200	220	Trevan Holdings	220	—	7.9	2.5	6.7
57	25	Unilock Holdings	55	—	2.1	3.8	14.9
175	93	Walter Alexander	170	—	8.6	5.1	9.8
226	199	W. S. Yates	190	—	17.4	9.2	5.4

## UK COMPANY NEWS

## Sainsbury surges 23% to £193m

J. Sainsbury, Britain's largest food and drinks supermarkets chain, has exceeded City forecasts with a 23 per cent increase from £156.4m to £192.7m in full year taxable profits.

Net retail profit margins improved from just over 5 per cent to 5.45 per cent on sales ahead by nearly £440m to £3.58bn. Taxable profits were struck after profit sharing payments of £15.8m (£12.1m).

During the year to March 22 1986 Sainsbury operated from 263 (253) supermarkets, while homebase stores were increased by five to 28; Savacentre stores remained at six but total small stores were reduced to 17 (18). Improvements in efficiency through new systems in distribution and in the stores have helped productivity rise to a record level and produced the best annual improvement for seven years. Electronic scanners

are now being installed in all the larger stores. Earnings per 25p share improved to 18.23p (15.61p) after tax of £65.4m (£48m), and the final dividend has been raised to 3.85p (3.1p) for a higher 5.5p (4.5p) total.

Average weekly supermarket sales per square foot improved from £14.27 to £14.87 and Sainsbury's share of national trade in food and drink shops, based on DTI data, rose from 8.7 per cent to 9.1 per cent.

The company says that the rise in supermarket sales of £417m represents real volume growth of over 9 per cent, similar to the level of the past two years. Homebase sales advanced by £23m to £87m.

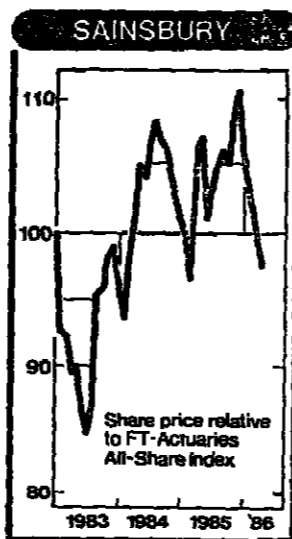
Haverhill Meat Products, an associate, achieved a substantial turn round, while SavaCentre lifted sales by 18 per cent to £279m and a 30 per cent rise in

profit to £12.6m. Shaw's, the US associate, also had a good year with profits before tax and property sales up by 24 per cent to \$35m.

Annual investment income exceeded £240m of which 78 per cent was devoted to site acquisition and supermarket development. The average size of the 15 new supermarkets opened during the year was the largest ever at over 27,000 sq ft sales area.

Openings for supermarkets last year added 411,410 sq ft of sales area, and projected openings this year will add a further 431,320 sq ft. Five Homebase stores with a total 225,140 sq ft sales area were opened last year and another six with a total 254,530 sq ft of sales area are planned for 1986-1987.

See Lex



## Flotation values Evans Halshaw at £17m

BY LUCY KELLAWAY

Evans Halshaw, automotive distributor, is being floated on the stock market with a value of £17m eighteen months after the company was bought out by its management for £9m.

Previously a subsidiary of LCP, the West Midlands industrial group, the company was three divisions — a multi-franchise chain of car dealerships, a distributor of car parts, and a contract hire company.

The largest is the motor dealerships, which consists of seventeen outlets with franchises for Ford, General Motors, BL Jaguar, Daimler and Rolls Royce Bentley. It was built up by acquisition since 1971. The other two divisions have been part of the company since 1979.

Following the buy-out, the directors owned 70 per cent of the shares, with the rest owned by Barclays Development Capital. Barclays will be selling the majority of its stake in the offer for sale, while the directors will retain a 44 per cent interest.

More than 60 per cent of the 7.2m shares being offered by Phillips & Drew are being sold to raise £3.5m. This will be used to repay part of the £8m of borrowings created at the time of the buy-out.

The company's trading performance shows three years of flat performance to 1983 caused by the recession in the motor trade followed by three years of growth. In the year to 1985

trading profits were £3.8m (£2.8m) on sales of £152m (£140m). Profit before tax was almost unchanged at £2.2m because of an extra £1m in interest costs on the borrowings used to finance the buy-out.

At the offer price of 120p the shares are being sold on a historic p/e ratio of 8 after a 24 per cent tax charge. The yield is 6.8 per cent.

The application lists open on May 28, and dealings start on June 3.

● **comment**  
Phillips and Drew are taking no risks in pricing Evans Halshaw. The shares are backed by assets worth nearly £1 a share, have a generous yield and are being offered at a rating lower than

others in the sector. However, if the company looks fairly cheap now, it is nothing compared to the price at which the managers bought it less than two years ago, in a deal for which LCP may now be kicking itself.

Since then the whole sector has been re-rated, and Evans Halshaw has shown itself capable of making the best of a happy industry background. The company has no shortage of ideas for future expansion to strengthen its three central operations, and to branch out into related areas within the motor industry. The management is retaining a large enough stake in the business to induce it to put its ideas into practice.

## Bibby benefits from packaging purchase

J. Bibby & Sons, enlarged by the acquisition last year of Connecticut-based Princeton Packaging, raised its first half profits by 27 per cent and is confident of further good progress for the year as a whole. The major source of the £4.36m profits improvement to £20.32m pre-tax came from Princeton, although chairman Mr Bas Karol says the other three divisions in aggregate also improved their trading performance.

The half year to March 29 1986 saw group turnover surge from £203.26m to £269.57m and the trading surplus advance by £4.5m to £22.24m. The surplus by division broke down as to industrial £6.42m

(£6.02m), agriculture £7.76m (£6.35m), distribution £3.35m (£3.55m) and packaging (Princeton) £4.68m (nil).

Bibby, itself, was acquired for £27.4m in October 1984 by Barlow Rand, South Africa's largest industrial company.

Tax for the half year took £7.72m (£6.33m) to leave net profits £2.97m ahead at £12.6m. Earnings totalled 11.04p (9.08p) and the interim dividend is being increased to 2.75p (1p) on the enlarged share capital, partly to reduce disparity.

The overall result was well up to directors' expectations although the weak dollar adversely affected translation to sterling.

● **comment**

Acquiring Princeton Packaging was one of the best things that ever happened to Bibby. Princeton produced all the profits growth in the first half of the year and — given that its performance was scuppered by a three month long strike in Californian supermarkets — should fare even better in the second.

Princeton apart, stringent cost cutting has catalysed an improvement in margins within the industrial division, while the agricultural group's growth was disguised by comparison with an artificially strong performance in the corresponding period last year. The distribution division, however, was blighted by ad-

verse currency exchange, which erased £250,000 from these results and its rationalisation programme has yet to take effect. With the prospect of an improved performance from Princeton and the benefits of cost cutting filtering through, the City expects profits of £25m and a p/e of 16.5 for the full year on yesterday's share price, which rose by 5p to 313p. Bounded by a strong cash flow and Barlow Rand's willingness to reduce its shareholding Bibby is now in a position to diversify again, and to spend as much as £100m on the "right" company... in existing areas such as packaging or scientific equipment, or to establish a fifth area of activity, possibly within the chemicals industry.

## Haden in disposal talks with BICC

By Martin Dickson

Haden, the electrical and mechanical engineer which mounted a £36m management buy-out just 10 months ago, is in advanced negotiations to sell about half of the group — its building services division — to BICC, the cables, construction and components group.

Last year's buy-out made City history in that it was the first ever buy-out of a quoted British company and took place as a defence against a hostile £37m takeover bid mounted for the group by Trafalgar House.

Haden's building services division carries out the design and construction of mechanical and electrical services for buildings and industrial process projects.

It includes Haden Young, the major UK contractor, subsidiaries in Australia and Hong Kong and a 49 per cent stake in Carrier Distribution. If a deal goes through, Haden will be reduced to an industrial finishing and automated materials handling business based mainly in the US, where its Haden Schweizer subsidiary builds paint finishing systems, particularly for the car industry.

The likely price of the building services division was not revealed yesterday, though the institutional shareholders who backed last year's buy-out expect they would make a reasonable profit on the investment. Haden, which is advised by J. Henry Schroder Wagg, recently announced 1985 profits of £12m (£3m) on turnover of £344m (£308m).

## Sugar sells 5m of his Amstrad shares

By Alice Rawthorn

Mr Alan Sugar, chairman and chief executive of Amstrad Consumer Electronics, sold 5m shares — 5 per cent — of the company's equity yesterday, raising £25.7m which will be channelled into a general investment portfolio.

Amstrad's stockbrokers, W. Greenwell, placed all the shares by 11 am with institutional investors, some with existing stakes in Amstrad, others new to the company. The shares were sold for around £50p, each, compared with Amstrad's quoted price of 542p which fell 23p yesterday.

Mr Sugar intends to invest the capital generated by the sale in a general investment portfolio. He does not, however, intend to invest in new companies, nor to play an active role in the management of any of the investments.

"It seemed to me to be about time that I reduced my holding in Amstrad in order to develop my interests outside the company," he said. "But Amstrad will still absorb all my management attention."

He now holds a 45.4 per cent stake in Amstrad which is valued at yesterday's share price at around £280m.

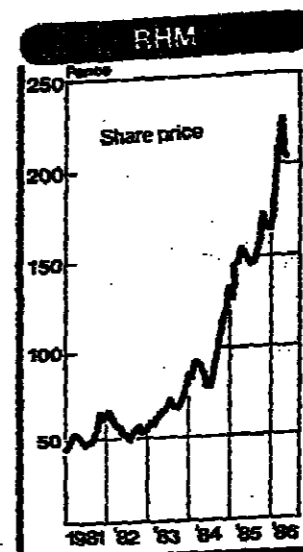
## RHM profits rise 10% to £40m at midway

Ranks Hovis McDougall, the food manufacturer and miller which is the UK's second largest bread baker, yesterday reported interim results for the 1985-86 year of £40.2m pre-tax — nearly 10 per cent up on the comparable figure of £36.7m and in line with analysts' expectations.

The bread bakeries division, which last time incurred a loss and extraordinary closure costs, continued to improve its results as the expected benefits of rationalisation and the heavy investment of recent years took increasing effect.

Sir Peter Reynolds, the chairman, said yesterday: "On the outlook, Sir Peter says that the group has made a good start to the current half, and he expects the year as a whole to be satisfactory. Last year the pre-tax profit of £71.5m was a record, and 41 per cent ahead."

Group external sales rose from £555.4m to £588.2m in the half year ended March 1, 1986. The chairman says that the packaged cake and grocery businesses improved profits, as did the general products division, which takes in the expanding restaurant and retail



catering outlets. He described results from the cereals division — which is the vehicle for the group's flour milling — as "satisfactory," given the effects of last year's poor UK wheat harvest.

Operating profits overseas were up on last year, but were significantly reduced by

adverse exchange rate movements. In the US, profits were substantially ahead, but in the Far East and Australasia the outcome was static.

The comparables have been restated to reflect overseas rather than end year exchange rates.

Interim earnings per share rose from 8p to 9.5p after a lower tax charge at £11.5m (£12.2m). The dividend was raised from 1.84p to 2.12p.

The interest charge for the period was up at £1.2m (£0.3m) reflecting the high cost of bank stocks.

In the bakery division, new bread products introduced since last September include a thick cut version of the Windmill Bakery wholemeal loaf, the mini-Hovis loaf and a large Hovis malted wholemeal loaf. All achieved their targeted sales volumes, says Sir Reynolds.

He adds that last year's advertising campaign for Windmill brown bread products has assisted the brand to achieve leadership in this "stagnant and growing sector of the bread market."

See Lex

## Reorganisation boosts Fine Art

Fine Art Developments, the Staffordshire-based greeting card publisher, is already reaping the benefits of the reorganisation initiated last year.

The measures, which led to tighter cost control and a reduction in loss-making activities, showed through in the group's results for the year to March 31, 1986 with profits up by £2.9m to £10.1m at the pre-tax level.

The directors say the current year should see further benefits accrue from both the reorganisation and improvements to the merchandise.

They are continuing to look for opportunities for expansion and in all, view the future with optimism and confidence. For the past year, turnover surged from £118.87m to £138.06m. Below the line there was an extraordinary credit of £4.78m arising from the sale of Early Learning.

Earnings emerged at 11.16p (6.94p), and a final dividend of 2.2p (2.1p) lifts the total from 3.3p to 4p net per 5p share.

Shareholders are told that sales of both greetings cards and general merchandise responded to better design and presentation which widened the group's customer base.

During the 12 months, Castle Publishing and Club Centre of Leeds were acquired and since year-end, Venture Marketing, a specialist direct mail order company, has been purchased.

● **comment**

There is a touch of irony in Fine Art Developments' rapidly increasing exposure to High Street retailing. Only a year ago the group disappointed the market by selling the fast-growing Early Learning chain to John Menzies, saying it wanted to concentrate on the

mail order and greetings cards businesses it knew best: now it is opening up Giftree and Papertree shops at a rate of knots and retailing has cut its long-term growth strategy.

The general merchandise, can be a forgiving animal, and there were certainly no hard feelings when Fine Art's price shot up 16p to 156p yesterday. Fine Art is secretive about where it gets its money from and it is hard to tell exactly how much of the pre-tax figure is attributable to rationalisation and recovery and how much to real growth, but it is hard to see the group falling short of £15.5m this year. At that level, a tax charge of 85 per cent would put the shares on a prospective p/e ratio of 12.5, still leaving something to go for in the absence of an imminent slump in consumer spending.

## Benford record under fire

BM Group, the construction industry supplier controlled by C. H. Beazer, yesterday attacked the track record of Benford Concrete Machinery, the concrete mixer manufacturer for which it has made a first and final £19m offer.

BM said in its formal offer document that since 1981 Benford's pre-tax profits had fallen 55.6 per cent to £12.7m in 1985 and its earnings per share had

dropped by 55.7 per cent over the same period. It described this performance as dismal and appalling.

Mr Roger Shute, BM's chief executive, describing the offer document as low-key, said that BM's pre-tax profits had risen from £50,000 in 1982 to £1.1m in 1985. In 1984, BM became a subsidiary of Beazer when the housebuilder's engineering interests were reversed into BM.

## Alcan in £30m debenture issue

British Alcan Aluminium, the wholly owned subsidiary of Alcan Aluminium of Canada, is to raise £30m via an issue of debenture stock 2011, to be placed at a yield of 1.5 per cent over Treasury 1985-1986 per cent 2004/2008 stock.

The company has invested some £29m in new plant and machinery in the UK over the past two years, and the proceeds of the current issue will be used to refinance this at a longer term rate. It has been underwritten by Morgan Grenfell, and brokers are Cazenove.

## Noble and Lund buys Kwiklok

Noble and Lund, the Gateshead-based machine tool company recently taken over by the unlisted Galgey Technical Industries, is buying Kwiklok, the private furniture company.

Unaudited figures for the 12 months to December 31, 1985 show a profit of £196,000 for Kwiklok on a turnover of £8.8m.

Noble is issuing 3m new shares which at yesterday's closing price, 120p, down 4p, values Kwiklok at £3.6m.

The Kwiklok shareholders will initially receive 1.25m shares with a further 1.75m shares if the audited pre-tax profits for either 1985 or 1987 exceed £250,000.

## York Waterworks

York Waterworks Company has issued a £2m medium-term debenture stock. Details of the issue are being advertised today and dealings start, £10 paid, tomorrow at 2 pm. The balance (90 per cent) is payable on June 26.

## National Westminster Bank PLC

(Incorporated in England with limited liability)

U.S.\$150,000,000

7½ per cent. Deposit Notes 1991

The Issue Price is 100¼% of the principal amount.

The following have agreed to subscribe or procure subscribers for the Deposit Notes:

## County Bank Limited

Algemene Bank Nederland N.V.  
Bankers Trust International Limited  
Banque Paribas Capital Markets Limited  
Chase Manhattan Limited  
Commerzbank Aktiengesellschaft  
Crédit Lyonnais  
Daiva Europe Limited  
Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft  
IBJ International Limited  
Lloyds Merchant Bank Limited  
Manufacturers Hanover Limited  
Mitsubishi Finance International Limited  
Morgan Guaranty Ltd  
The Nikko Securities Co., (Europe) Ltd.  
Nomura International Limited  
Shearson Lehman Brothers International, Inc.  
Sumitomo Trust International Limited  
Union Bank of Switzerland (Securities) Limited  
Yamaichi International (Europe) Limited

Bank of Tokyo International Limited  
Banque Bruxelles Lambert S.A.  
Barclays Merchant Bank Limited  
Citicorp Investment Bank Limited  
Crédit Commercial de France  
Credit Suisse First Boston Limited  
Fuji International Finance Limited  
Handelsbank N.W. (Overseas) Ltd.  
F. van Lanschot Bankiers N.V.  
LTCB International Limited  
Merrill Lynch International & Co.  
Samuel Montagu & Co. Limited  
Morgan Stanley International  
Nippon Credit International (Hong Kong) Ltd.  
Orion Royal Bank Limited  
Sumitomo Finance International  
Swiss Bank Corporation International Limited  
Westdeutsche Landesbank Girozentrale

Application has been made to the Council of The Stock Exchange for the Deposit Notes to be admitted to the Official List. Interest on the Deposit Notes will be payable annually in arrears commencing 20th June, 1987.

Particulars relating to the Issuer and the Deposit Notes are available in the External Statistical Service. Copies of the listing particulars may be obtained during business hours up to and including 27th May, 1986 from the Company Announcements Office of The Stock Exchange and up to and including 4th June, 1986 from:

County Bank Limited  
11 Old Broad Street  
London EC2N 1BB

National Westminster Bank PLC  
41 Lombard Street  
London EC2P 2BP

National Westminster Bank PLC  
Stock Office Services  
20 Old Broad Street  
London EC2N 1EJ

Strauss, Turnbull & Co. Limited  
3 Moorgate Place  
London EC2R 6HR

Cazenove & Co.  
12 Tokenhouse Yard  
London EC2R 7AN

21st May, 1986

This advertisement complies with the requirements of the Council of The Stock Exchange.



## British Alcan Aluminium plc

(Incorporated in England)

£30,000,000

10⅓ per cent. Debenture Stock 2011

Issue Price 99.256 per cent.

Payable as to 30 per cent. on acceptance and as to the balance not later than 29 August 1986

The issue has been underwritten by

## Morgan Grenfell &amp; Co. Limited

Application has been made to the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland ("The Stock Exchange") for the whole of the above Stock to be admitted to the Official List.

In accordance with the requirements of the Council of The Stock Exchange, £4.5 million nominal of the Stock has been offered to the market on the date of publication of this advertisement and may be available to the public.

Interest on the Debenture Stock at the rate of 10½ per cent. per annum will be payable (less income tax) by equal half-yearly instalments on 31 May and 30 November in each year except that the first payment of interest, which will be made on 30 November 1986 will be in respect of the period from 28 May 1986 to 30 November 1986 (both inclusive) and will amount to £3.442 (less income tax) per £100 nominal of the Debenture Stock. The Issue Yield on the Stock is 10.462 per cent.

Particulars of the Stock are available in the statistical services of Extel Statistical Services Limited. Listing Particulars for the Debenture Stock may be obtained during usual business hours up to and including 23 May 1986 from the Company Announcements Office of The Stock Exchange and up to and including 4 June 1986 from the following:

British Alcan Aluminium plc  
Chalfont Park  
Gerrards Cross  
Buckinghamshire SL9 0QB

Cazenove & Co.  
12 Tokenhouse Yard  
London EC2R 7AN

Regis Securities  
Balfour House  
390/398 High Road  
Ilford  
Essex IG1 1NQ

21 May 1986.

## UK COMPANY NEWS

# Tunstall profits increase nearly 33% to £2.3m

Tunstall Group, the maker of emergency communications equipment and burglar alarms, has increased interim taxable profits by nearly 33 per cent to £2.3m on turnover ahead from £9.8m to £12.1m.

Earnings per 5p share rose by 2.1p to 8.8p and the interim dividend has been lifted by 0.1p to 0.9p.

Mr Michael Dawson, chairman, says that Tunstall Telecom continues to expand, benefiting from recent expenditure on new product development. "Piper Lifeline sales to our public sector customers are running at an excellent level and we continue to sell the other elements in the Piper range in increasing volumes," he says.

The budgeted trading target for Tunstall Security was achieved and progress has been maintained.

Profits for the six months to end-March 1986, which compared with £1.76m, included net interest receivable of £7,000 (payable £48,000).

Tax was £934,000 (£886,000). After dividends, the retained profit for the period was £1.27m (£917,000).

## BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interim or final and the sub-divisions shown below are based mainly on last year's timetable.

**TODAY**  
Interim: Associated Paper Industries, Avon Rubber, Bass, Crosville, Irish Distillers, Leeds, National Australia Bank, Scottish American Investment, Fisons, Allied Irish Banks, Bencis, Harwell, London and Northern, Monks and Crane, Whitbread.

**comment**  
The economic and sociological benefits of keeping Britain's increasing population of elderly people in their own homes and out of institutional ones continues to stimulate public sector demand for Tunstall Telecom's products, and with Tunstall Security at last showing its face, the group comfortably lived up to its expectations yesterday.

With the shares at 310p, however, the prospective p/e ratio of 17 is looking beyond the £4.8m likely to be achieved this year. Part of the price rests on hopes that Tunstall is going to make major strides into the private sector through retail sales of its Lifeline system, but with test marketing still at its early stages it is too soon to assume that the response will be good enough to cover the heavy promotional costs of introducing this novel product to the public at large. Even without a Lifeline success Tunstall would be a good growth enterprise, but not enough of one to justify driving the price higher till the prospects become more clear.

## Country and New Town boosts asset value

A PROFESSIONAL revaluation of group properties at Country and New Town Properties threw up a surplus of £21.5m over book values and lifted net asset value per 10p share by 2p per cent to 157p at end-January 1986.

The revaluation put a worth on the properties of £142m. The UK accounts for 44 per cent of the group's £150m portfolio. The year saw gross rental and service income fall from £13.32m to £11.51m but profits before tax surge by £4.14m to £7.82m. A final dividend of 1.3p raises the net total from 1.5p to 1.9p.

Tax took £2m (£1.02m) and minorities £3.66m (£878,000). Earnings amounted to 4.3p (£3.49p).

The rise in profits was substantially due to the sale of a major Paris property in the first half. In 1986-87 the group will benefit from rental income arising from the letting of the rebuilt Civil Service Store in the Strand.

## Spectra Auto sees further sales growth

FOLLOWING a year in which pre-tax profits grew by 15 per cent on turnover 19 per cent higher Spectra Automotive and Engineering Products sees further growth in the present year with a consequent increase in staff.

In the year to January 31, 1986, this maker of automotive and industrial chemicals, which is based in Newquay, Cornwall, reported taxable profits of £463,000 (£401,000) on turnover of £5.18m (£4.37m). From earnings per 10p share of 6.34p (6.18p) this USM-quoted company, the ultimate holding company of which is Sandhurst Marketing is proposing a final payment of 1.678p (1.525p), making a total of 2.503p.

The directors say that major orders were won from a number of multiple accounts and they were encouraged by the performance of Cyrex, the Dutch subsidiary. Despite disruption caused by investment to increase manufacturing output productivity at Newquay rose by 17 per cent during the year.

## Yorklyde tops £2m

An increase of 31 per cent in pre-tax profits has been achieved by Yorklyde, Huddersfield-based cloth and rug manufacturer, for the year to January 31, 1986.

An increase of 4.25p (3.75p) final is proposed, lifting the total for year by 1p to 7p. After increased tax of £970,000 (£720,000), earnings per 10p share are shown ahead at 30.6p (23.8p).

## Miles 33 seeks full SE listing

SUCH has been the progress at Miles 33, supplier of computer systems, that an application is being made to the London Stock Exchange for admission to full listing. The company's shares are currently traded on the Unlisted Securities Market.

It will not be raising any additional capital at this time, but rather wishes to broaden the ownership to a wider group of shareholders.

## COMPANY NEWS IN BRIEF

**HAPPIN & WEBB Holdings**, jeweller and silversmith, has announced lower pre-tax profits of £4.25m (£4.79m) for the year to February 1 1986 (53 weeks), after increased interest charges of £583,000 (£493,000). There were no profits this time (£242,000) from non-trading items. Turnover was up at £51.2m, (£48.82m), yielding trading profits of £4.83m (£4.45m). The dividend is 5.46p (4.96p). Tax was £1.37m (£1.34m).

**EL ORO Mining and Exploration Company** made pre-tax profits of £1.01m (£883,000) in 1985, including £233,297 (£299,983) from associates. Earnings were 14.38p (11.8p) and dividend is lifted to 4.165p (4.2p) net per 10p share. Company is an investment dealer.

Exploration Company holds 49.85 per cent interest.

**COMPREHENSIVE FINANCIAL Services** increased its pre-tax profits by 57 per cent from £257,000 to £236,000 in 1985. For the current year, this USM company expects to continue the progress made in the second half of 1985. Group turnover increased from £1.1m to £1.55m. After tax up from £75,000 to £117,000, attributable profits came out at £209,000 against £182,000. The total dividend is raised from a single 1.3p to 2.2p net with a final 1.5p. Stated earnings per 5p share were 5.45p against 5.94p.

**EXPLORATION COMPANY**, investment dealer, improved pre-tax profits from £1.11m to £1.23m in 1985. This includes

Stationery Office has recently ordered the company's new System 400 for the Parliamentary Press — the largest single order ever received by the company.

System 400 was officially launched in the international market earlier in the year, and increased orders are expected.

In the year under review, the company paid tax of £198,000 compared with £109,000.

**PERSONAL ASSETS Trust** increased its net asset value per 12p share from 40.26p to 46.8p in the year to April 30 1986. Stated earnings per share were 0.38p against 0.21p, and the dividend is raised from 0.2p to 0.35p. Pre-tax revenue was £20,000 higher at £57,000. Tax for the year was little changed at £30,000 compared with £35,000.

This advertisement complies with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to subscribe for or purchase any securities.

**PEPSICO**  
A corporation organized under the laws of the State of Delaware, U.S.A.

Canadian \$75,000,000

**PepsiCo, Inc.**

8<sup>3</sup>/<sub>4</sub>% Notes due 1991

The following have agreed to subscribe or procure subscribers for the Notes:

MORGAN GUARANTY LTD

ALGEMENE BANK NEDERLAND N.V.  
BANQUE BRUXELLES LAMBERT S.A.  
CITICORP INVESTMENT BANK LIMITED  
CREDIT SUISSE FIRST BOSTON LIMITED  
DRESNER BANK AKTIENGESellschaft  
LLOYDS MERCHANT BANK LIMITED  
MANUFACTURERS HANOVER LIMITED  
SALOMON BROTHERS INTERNATIONAL LIMITED

ORION ROYAL BANK LIMITED

BANK OF AMERICA INTERNATIONAL LIMITED  
BANQUE NATIONALE DE PARIS  
COUNTY BANK LIMITED  
DAIWA EUROPE LIMITED  
GOLDMAN SACHS INTERNATIONAL CORP.  
ITCB INTERNATIONAL LIMITED  
MORGAN GRENFELL & CO. LIMITED  
SWISS BANK CORPORATION INTERNATIONAL LIMITED

UNION BANK OF SWITZERLAND (SECURITIES) LIMITED

Application has been made to the Council of The Stock Exchange for the Notes to be issued at 100<sup>3</sup>/<sub>4</sub>% in denominations of Canadian \$1,000 and Canadian \$10,000 to be admitted to the Official List. Interest will be payable annually in arrears on 29th May, in each year from and including 29th May, 1986. The first interest payment will be made on 29th May, 1987.

Listing particulars relating to the Notes and PepsiCo, Inc. are available in the Extel Statistical Service and copies may be obtained during business hours up to and including 23rd May, 1986 from the Company Announcements Office of The Stock Exchange and up to and including 4th June, 1986 from:

Cazenove & Co.  
12 Tokenhouse Yard  
London EC2R 7AN

Morgan Guaranty Ltd  
30 Throgmorton Street  
London EC2N 2NT

The Chase Manhattan Bank N.A.  
London Branch  
Woolgate House  
Coleman Street  
London EC2P 2HD

21st May, 1986

The Securities referred to above have not been registered under the United States Securities Act of 1933 and may not be offered, sold or delivered directly or indirectly in the United States of America, its territories or its possessions or to United States Persons.

**Société Nationale des Chemins de Fer Belges (SNCB)**

(B)

**Nationale Maatschappij der Belgische Spoorwegen (NMBS)**

U.S.\$75,000,000  
Guaranteed Floating Rate Notes Due November 1991  
Unconditionally guaranteed by

**The Kingdom of Belgium**

In accordance with the provisions of the notes, notice is hereby given that for the six month interest period from May 20, 1986 to November 20, 1986, the notes will carry an interest rate of 7.125 per cent per annum. This interest amount payable on the relevant interest payment date which will be November 20, 1986 is U.S.\$1,820.83 for U.S.\$500,000 in principal amount of the notes.

by Generale Bank Agent Bank

(G)

This Advertisement is issued in compliance with the requirements of the Council of The Stock Exchange.

**The York Waterworks Company**  
(Incorporated in England)

Placing of £2,000,000  
10 per cent. Redeemable Debenture Stock, 1986/86  
at £100 per cent. (£10 per cent. paid)

Application has been made to the Council of The Stock Exchange for the above Stock to be admitted to the Official List. The Stock will rank for interest *pari passu* with the existing Debenture Stocks of the Company. Particulars of the Stock have been circulated in the Extel Statistical Services Ltd., and copies will be available, for collection only, during usual business hours until 22nd May, 1986 from the Company Announcements Office of The Stock Exchange, London EC2. Copies may also be obtained during normal business hours up to and including 6th June, 1986, from

Seymour, Pierce & Co.,  
10 Old Jewry,  
London, EC2R 8EA  
or from the Company's principal office,  
Lendal Tower,  
York, YO1 2DL

21st May, 1986

# RHM half year profits up to £40.2 million



## RESULTS

Group profit before taxation for the half-year ended 1 March 1986 amounted to £40.2 million compared with £36.7 million for the corresponding period of the previous year — an increase of 9.5 per cent.

Improvements in profits were recorded by our packaged cake and grocery businesses; the general products division, which includes our expanding restaurant and retail catering outlets, likewise achieved increased profits. The bread bakeries continued to improve their results as the expected benefits of rationalisation and the heavy investment of recent years took increasing effect. The cereals division, through which the Group's flour milling operations are conducted, reported satisfactory results despite the effects of last year's poor wheat harvest in the United Kingdom. The Group's overseas businesses achieved increased operating profits over the corresponding period of the previous year but these were significantly reduced by the effects of adverse exchange rates. In the

United States profits were substantially ahead whilst in the Far East and Australasia profits remained at a similar level to those of last year.

A lower taxation charge and smaller minority interests contributed towards a substantial increase in earnings per Ordinary share to 9.5p per share, an increase of 18.8 per cent over the previous half-year.

## INTERIM ORDINARY DIVIDEND

The Board has decided to pay on 11 July 1986 to Ordinary shareholders registered at the close of business on 13 June 1986 an interim dividend for the year to 30 August 1986 of 2.12p per Ordinary share, an increase of 15 per cent over the interim dividend of 1.84p per share paid in 1985.

## OUTLOOK

The Group has made a good start to the second half of the year and I expect the year as a whole to be another satisfactory one.

Sir Peter Reynolds, Chairman

## RESULTS IN BRIEF

	Half year to 1 March '86	Half year to 2 March '85	Year to 31 August '85
	£m	£m	£m
External sales	698.2	655.4	1,313.8
Profit before taxation	40.2	36.7	71.5
Earnings per share	9.5p	8.0p	15.7p
Interim dividend per share	2.12p	1.84p	—

**RHM**  
RANKS HOVIS McDOUGALL PLC

Copies of the full interim report are available from: The Secretary, Ranks Hovis McDougall PLC, PO Box 178, Alma Road, Windsor, Berkshire, SL4 3ST





## AUTHORISED UNIT TRUSTS &amp; INSURANCES

<p><b>Section 1: Unit Trusts</b></p> <p><b>Section 2: Insurance Companies</b></p> <p><b>Section 3: Investment Funds</b></p> <p><b>Section 4: Miscellaneous</b></p>	<p><b>Section 5: Insurance Companies (Continued)</b></p> <p><b>Section 6: Investment Funds (Continued)</b></p> <p><b>Section 7: Miscellaneous (Continued)</b></p>	<p><b>Section 8: Insurance Companies (Continued)</b></p> <p><b>Section 9: Investment Funds (Continued)</b></p> <p><b>Section 10: Miscellaneous (Continued)</b></p>	<p><b>Section 11: Insurance Companies (Continued)</b></p> <p><b>Section 12: Investment Funds (Continued)</b></p> <p><b>Section 13: Miscellaneous (Continued)</b></p>	<p><b>Section 14: Insurance Companies (Continued)</b></p> <p><b>Section 15: Investment Funds (Continued)</b></p> <p><b>Section 16: Miscellaneous (Continued)</b></p>
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UNITED KINGDOM



## COMMODITIES AND AGRICULTURE

## Brussels probes semen cartel

By Peter Bruce in Bonn

ELNOB the bull is on the brink of stardom. This has very little to do with the fact that although he is only 12 years old, he has already sired nearly 7,500 offspring. No, Elnoh may one day owe his fame to the fact that his owners may soon be helping the European Commission in Brussels with certain enquiries.

Elnoh is the very soul of the Griefenberg insemination station in Bavaria, twice a week he passes semen into a wheeled contraption thinly disguised as a cow. The sperm is then collected, tested in a laboratory, and frozen, ready for sale. Bulls at 65 such stations around Germany go through much the same routine. The stations, charges a report now in Brussels, operate an illegal cartel.

But suddenly the stations, set up after the Second World War to help improve the quality of dairy cows and to eliminate venereal disease among the animals, have been caught up in the new world. In a sense, they are in good company. Cartels and monopolies are thriving in West Germany.

According to a report drawn up by a small legal firm in Elzach, Baden-Württemberg, and passed on to the Commission and to the Agriculture Ministry in Bonn, the stations have covered virtually the entire market in insemination.

Owners of cows, says the report, are forced to deal only with the stations which organise themselves into regional depots, parading either as co-operatives, "associations" or companies. In many cases, farmers are required to become members of the associations or co-operative and, says the report, the farmers are often forced to make their cows available for insemination even though they might not require extra animals.

The report says the stations dictate not only semen prices but also select the customers. For instance, the man who commissioned the report, Mr Adolf Schuck, is a freelance insemination specialist in Baden-Württemberg, who, says the law firm, Fischer-Fritsch, simply cannot buy sperm from the stations to inseminate the cows of farmers who want to hire him. The farmers, many of whom are small and financially weak, are then forced to turn to the stations.

For a number of years now 56 farmers in southern Germany have been waging a legal battle on behalf of a highly regarded semen specialist who has been "frozen" by the stations. In 1980 the man, Mr Martin Kirchschner, for 14 years a specialist with the Griefenberg station, helped inseminate three cows belonging to a farmer, a friend, outside his region. The regular inseminator was away on holiday. Mr Kirchschner was immediately fired. His case was dragged on for two years in the courts.

Mr Schuck, himself a part-time farmer with cows he wants inseminated, sounds almost angry enough with the stations to take them to the European Court if he does not get satisfaction from the Commission in Brussels or the Agriculture Ministry in Bonn. He has already had two weeks' disappointment — two weeks ago the cartel office in Berlin returned the report to the centre, it remains largely a local matter for the courts.

But despite of its ambitions to become an important international commodity trading centre, it remains largely a local market for the moment.

Trading in crude palm oil (CPO) futures has risen steadily from a daily average of 13 lots (of 25 tonnes each) in November to 160 lots in April.

"The KLCE is shaping up very nicely, and confidence is returning to the market," says Datuk Paul Leong, the Malaysian Minister of Primary Industries.

Traders note that even those with outstanding claims from the palm oil default in 1984 are slowly returning.

"A few months ago, we had little reason to spend time at the KLCE. Now, we spend more time there because we find its operations interesting and attractive," said the managing director of a trading company, whose outstanding contracts arising from the 1984 default are now in the courts.

## Over-supply pushes silver to near four-year low

BY ANDREW GOWERS

THE London silver bullion market dropped sharply yesterday to reach its lowest level in nearly four years. At yesterday's fix, the metal was quoted at 317.7 pence per troy ounce, down 14.4 pence on the day.

Dealers said while there are no fresh factors to explain the fall, which has been going on sporadically for months since levels above 450p reached in February of this year, the market continues to suffer from chronic over-supply. It is demonstrating once again that the silver price is effectively separated from those of gold and other precious metals.

"There's just too much silver around," said one leading London bullion house. "The market is suffering from an intense attack of apathy."

Over-supply has been a factor in the silver market for years, but in the past that slack has been taken up by speculators, including the famous Hunt brothers who together accumulated about 500m ounces in the early 1980s. What marks the latest slump out is the speculative buying is almost totally absent.

"The only speculators in the market are those selling short," said a trader. "Ironically, the only thing that's stopping the market going down further is the fact that the silver price is effectively separated from those of gold and other precious metals."

The over-supply position is aggravated by the fact that the two biggest producers, Peru and Mexico, desperately need foreign exchange—even more so than the two main producers of gold, South Africa and the Soviet Union. "They can't

afford to finance the market," said a dealer.

According to Drexel Burnham Lambert, excess silver supplies were running at about 115m ounces a year in the first half of the 1980s.

According to the pessimists, one of only three things could reverse the present price decline:

● A huge increase in industrial consumption of silver, which seems highly unlikely in the present circumstances;

● A resurgence of inflation; or

● A decrease in supplies from smaller producers like the US, Australia and Canada as a result of the declining profitability of silver mining. That, too, will take some time to filter through.

Morocco's largest silver mine is to move from double capacity to 110 tonnes a year by 1988 in an expansion programme costing \$34m. Ali Bennani, secretary-general of the Société Minière du Maroc (SMI), said yesterday. Reuters reports.

The interior mine, located near the picturesque oasis of Tinher, east of the Atlas mountains, has ore reserves estimated at 5m tonnes. It was mined in the 12th Century and rediscovered in 1950 when aerial surveys revealed the ancient workings.

LME prices supplied by Amalgamated Metal Trading.

Unofficial + or -  
Close (p.m.) High/Low  
2 per tonne

Cash 776.8 -10 775.75  
3 months 776.8 -10 775.75  
Official closing (am): Cash 776.8  
1702.3 three months 772.3 (757.4)  
Settlement 766 (753). Final Kibb close: 757.6. Turnover: 31,375 tonnes.

Unofficial + or -  
Close (p.m.) High/Low  
2 per tonne

Cash 926.7 -9 921.82  
3 months 926.7 -9 921.82  
Official closing (am): Cash 926.7  
1702.3 three months 921.8 (904.5)  
Settlement 922.5 (908.5). Final Kibb close: 922.5. Turnover: 31,375 tonnes.

Unofficial + or -  
Close (p.m.) High/Low  
2 per tonne

Cash 908.10 -11.904  
3 months 908.10 -11.904  
Official closing (am): Cash 908.10  
1702.3 three months 896.2 (879.2)  
Settlement 902.5 (888.5). Final Kibb close: 902.5. Turnover: 636 tonnes.

Unofficial + or -  
Close (p.m.) High/Low  
2 per tonne

Cash 265.75 -5 260.25  
3 months 265.75 -5 260.25  
Official closing (am): Cash 265.75  
1702.3 three months 261.2 (247.2)  
Settlement 267 (259). Final Kibb close: 267. Turnover: 636 tonnes.

Unofficial + or -  
Close (p.m.) High/Low  
2 per tonne

Cash 458.9 -6.5 453  
3 months 458.9 -6.5 453  
Official closing (am): Cash 458.9  
1702.3 three months 454 (441.5)  
Settlement 459.5 (447.5). Final Kibb close: 459.5. Turnover: 33,500 tonnes.

Unofficial + or -  
Close (p.m.) High/Low  
2 per tonne

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Settlement 459.5 (447.5). Final Kibb close: 459.5. Turnover: 33,500 tonnes.

Unofficial + or -  
Close (p.m.) High/Low  
2 per tonne

Cash 458.9 -6.5 453  
3 months 458.9 -6.5 453  
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Unofficial

## CURRENCIES, MONEY and CAPITAL MARKETS

## FOREIGN EXCHANGES

## Better GNP boosts dollar

The dollar improved quite sharply and finished towards the best level of the day, following an unexpected upward revision in the US first quarter GNP figure. Most people had been looking for a downward revision of the previous 3.2 per cent estimate to nearer 2.8 per cent but yesterday's figure showed a rise to 3.7 per cent.

This found some dealers wrong footed and prompted a good deal of short covering so that the dollar threatened to move outside its recent trading range, touching a high of DM 2.2600 against the D-mark and ¥168.70 against the yen. It closed at DM 2.2410 up from DM 2.2355 on Monday and its best closing level for a month. Against the yen it finished at ¥168.65 compared with ¥168.25 elsewhere it rose to SF 1.8500 from SF 1.8410 and Ffr 7.1375 from Ffr 7.0900. On Bank of England figures, the dollar's exchange rate index rose from 115.0 to 115.4.

Despite the dollar's recovery, it was still too early to decide whether the dollar had found a floor level after its decline over the past eight months. There was still some weight to various comments by leading US officials which were sufficiently vague to be open to different interpretations. Much will depend now on

## £ IN NEW YORK

	Latest	May 20	Prev. close
1 month	81.5210-1.5220	81.5330-1.5240	
3 months	81.5210-1.5220	81.5330-1.5240	
6 months	81.5210-1.5220	81.5330-1.5240	
12 months	81.5210-1.5220	81.5330-1.5240	

how the US economy performs over the next few months and how much the current scenario has appeared the protectionist lobby within the US.

**STERLING** — Trading range against the dollar in 1986 is 1.5555 to 1.5770. April average 1.5688. Exchange rate index 76.3 up from an opening level of 76.2 on Monday's close of 76.1. The six months ago figure was 75.9.

Sterling held its own against a much stronger dollar and consequently showed only gains against its major European trading partners. Higher oil prices and the absence of any concrete news that the Bank of Japan may have bought small amounts of dollars. The US unit rose to ¥167.30 up from ¥166.80 in New York and ¥168.15 in Tokyo on Monday. Once again there was sufficient uncertainty surrounding the dollar to keep it within its recent trading range.

## D-MARK — Trading range

against the dollar in 1986 is 2.4710 to 2.6440. April average 2.5725. Exchange rate index 134.6 against 127.6 six months ago.

The D-mark fell quite sharply against the dollar in Frankfurt yesterday in reaction to better than expected US first quarter GNP figures. The dollar closed at DM 2.2400 up from DM 2.2110 on Friday. Markets were closed on Monday for Whitsun. The unexpected rise prompted short-covering in an otherwise thin market and helped to push the dollar to its best level for a month.

**JAPANESE YEN** — Trading range against the dollar in 1986 is 262.70 to 261.05. April average 262.05. Exchange rate index 204.5 against 179.0 six months ago.

Trading was subdued in Tokyo yesterday ahead of the US GNP figures. The yen was slightly weaker against the dollar with some short-covering that the Bank of Japan may have bought small amounts of dollars. The US unit rose to ¥167.30 up from ¥166.80 in New York and ¥168.15 in Tokyo on Monday. Once again there was sufficient uncertainty surrounding the dollar to keep it within its recent trading range.

## FINANCIAL FUTURES

## Strong sentiment

Long-term gilt futures gained ground, to finish at the day's high, while US Treasury bond futures weakened slightly on the day, but recovered much of the loss in an unexpected upward revision in first-quarter US gross national product growth.

Long gilts and US bonds for June delivery opened weak, in nervous trade, ahead of the GNP figure. Various leaks of the figure were rumoured, but

traders generally expected a downward revision to about 2.5 per cent to 3.0 per cent, from the earlier estimate of 3.2 per cent. When a rise of 3.7 per cent was announced, June bonds fell sharply to the day's low of 95-17, but rebounded within about 20 minutes to the day's peak of 94-21, before closing at 94-18, compared with 95-05 previously.

Strike	June	Sept	Dec	Mar	June	Sept	Dec	Mar	June	Sept	Dec	Mar
115	6.54	7.98	—	—	0.00	0.01	—	—	0.00	0.01	—	—
116	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
117	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
118	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
119	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
120	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
121	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
122	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
123	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
124	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
125	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
126	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
127	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
128	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
129	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
130	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
131	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
132	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
133	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
134	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
135	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
136	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
137	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
138	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
139	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
140	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
141	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
142	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
143	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
144	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
145	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
146	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
147	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
148	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
149	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
150	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
151	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
152	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
153	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
154	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
155	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
156	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
157	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
158	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
159	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
160	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
161	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
162	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
163	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
164	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
165	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
166	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
167	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
168	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
169	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
170	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
171	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
172	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
173	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
174	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
175	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
176	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
177	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
178	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
179	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
180	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
181	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
182	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
183	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
184	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
185	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
186	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
187	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
188	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
189	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
190	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
191	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
192	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
193	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
194	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
195	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
196	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
197	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
198	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
199	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—
200	6.54	7.97	—	—	0.00	0.01	—	—	0.00	0.01	—	—

## LIFE LONG GILT FUTURES OPTIONS

Strike	Calls—Last				
	June	July	Aug	Sept	June
1.30	21.95	—	—	21.95	0.00
1.35	16.95	16.95	—	16.95	0.00
1.40	11.95	11.95	11.95	11.95	0.03
1.45	6.95	7.27	7.69	7.53	0.33
1.50	3.13	3.95	4.64	4.56	1.56
1.55	0.98	1.80	2.52	2.48	4.41
1.60	0.20	0.67	1.22	1.21	8.63
Estimated volume total, Calls 457, Puts 1,000					
Previous day's open int, Calls 4,107, Puts 1,000					

PHILADELPHIA SE 1/5 OPTIONS

712.500 (cents) ex 1/5

## BRITISH FUNDS

1986	Stock	Price	Yield	1996	Stock	Price	Yield
High	Low			High	Low		
<b>"Shorts" (Lives up to Five Years)</b>							
991	100% Treasury 1994-1995	101.1	10.0	100	100% Treasury 1994-1995	101.1	10.0
992	100% Treasury 1995-1996	101.1	10.0	101	100% Treasury 1995-1996	101.1	10.0
993	100% Treasury 1996-1997	101.1	10.0	102	100% Treasury 1996-1997	101.1	10.0
994	100% Treasury 1997-1998	101.1	10.0	103	100% Treasury 1997-1998	101.1	10.0
995	100% Treasury 1998-1999	101.1	10.0	104	100% Treasury 1998-1999	101.1	10.0
996	100% Treasury 1999-2000	101.1	10.0	105	100% Treasury 1999-2000	101.1	10.0
997	100% Treasury 2000-2001	101.1	10.0	106	100% Treasury 2000-2001	101.1	10.0
998	100% Treasury 2001-2002	101.1	10.0	107	100% Treasury 2001-2002	101.1	10.0
999	100% Treasury 2002-2003	101.1	10.0	108	100% Treasury 2002-2003	101.1	10.0
1000	100% Treasury 2003-2004	101.1	10.0	109	100% Treasury 2003-2004	101.1	10.0
1001	100% Treasury 2004-2005	101.1	10.0	110	100% Treasury 2004-2005	101.1	10.0
1002	100% Treasury 2005-2006	101.1	10.0	111	100% Treasury 2005-2006	101.1	10.0
1003	100% Treasury 2006-2007	101.1	10.0	112	100% Treasury 2006-2007	101.1	10.0
1004	100% Treasury 2007-2008	101.1	10.0	113	100% Treasury 2007-2008	101.1	10.0
1005	100% Treasury 2008-2009	101.1	10.0	114	100% Treasury 2008-2009	101.1	10.0
1006	100% Treasury 2009-2010	101.1	10.0	115	100% Treasury 2009-2010	101.1	10.0
1007	100% Treasury 2010-2011	101.1	10.0	116	100% Treasury 2010-2011	101.1	10.0
1008	100% Treasury 2011-2012	101.1	10.0	117	100% Treasury 2011-2012	101.1	10.0
1009	100% Treasury 2012-2013	101.1	10.0	118	100% Treasury 2012-2013	101.1	10.0
1010	100% Treasury 2013-2014	101.1	10.0	119	100% Treasury 2013-2014	101.1	10.0
1011	100% Treasury 2014-2015	101.1	10.0	120	100% Treasury 2014-2015	101.1	10.0
1012	100% Treasury 2015-2016	101.1	10.0	121	100% Treasury 2015-2016	101.1	10.0
1013	100% Treasury 2016-2017	101.1	10.0	122	100% Treasury 2016-2017	101.1	10.0
1014	100% Treasury 2017-2018	101.1	10.0	123	100% Treasury 2017-2018	101.1	10.0
1015	100% Treasury 2018-2019	101.1	10.0	124	100% Treasury 2018-2019	101.1	10.0
1016	100% Treasury 2019-2020	101.1	10.0	125	100% Treasury 2019-2020	101.1	10.0
1017	100% Treasury 2020-2021	101.1	10.0	126	100% Treasury 2020-2021	101.1	10.0
1018	100% Treasury 2021-2022	101.1	10.0	127	100% Treasury 2021-2022	101.1	10.0
1019	100% Treasury 2022-2023	101.1	10.0	128	100% Treasury 2022-2023	101.1	10.0
1020	100% Treasury 2023-2024	101.1	10.0	129	100% Treasury 2023-2024	101.1	10.0
1021	100% Treasury 2024-2025	101.1	10.0	130	100% Treasury 2024-2025	101.1	10.0
1022	100% Treasury 2025-2026	101.1	10.0	131	100% Treasury 2025-2026	101.1	10.0
1023	100% Treasury 2026-2027	101.1	10.0	132	100% Treasury 2026-2027	101.1	10.0
1024	100% Treasury 2027-2028	101.1	10.0	133	100% Treasury 2027-2028	101.1	10.0
1025	100% Treasury 2028-2029	101.1	10.0	134	100% Treasury 2028-2029	101.1	10.0
1026	100% Treasury 2029-2030	101.1	10.0	135	100% Treasury 2029-2030	101.1	10.0
1027	100% Treasury 2030-2031	101.1	10.0	136	100% Treasury 2030-2031	101.1	10.0
1028	100% Treasury 2031-2032	101.1	10.0	137	100% Treasury 2031-2032	101.1	10.0
1029	100% Treasury 2032-2033	101.1	10.0	138	100% Treasury 2032-2033	101.1	10.0
1030	100% Treasury 2033-2034	101.1	10.0	139	100% Treasury 2033-2034	101.1	10.0
1031	100% Treasury 2034-2035	101.1	10.0	140	100% Treasury 2034-2035	101.1	10.0
1032	100% Treasury 2035-2036	101.1	10.0	141	100% Treasury 2035-2036	101.1	10.0
1033	100% Treasury 2036-2037	101.1	10.0	142	100% Treasury 2036-2037	101.1	10.0
1034	100% Treasury 2037-2038	101.1	10.0	143	100% Treasury 2037-2038	101.1	10.0
1035	100% Treasury 2038-2039	101.1	10.0	144	100% Treasury 2038-2039	101.1	10.0
1036	100% Treasury 2039-2040	101.1	10.0	145	100% Treasury 2039-2040	101.1	10.0
1037	100% Treasury 2040-2041	101.1	10.0	146	100% Treasury 2040-2041	101.1	10.0
1038	100% Treasury 2041-2042	101.1	10.0	147	100% Treasury 2041-2042	101.1	10.0
1039	100% Treasury 2042-2043	101.1	10.0	148	100% Treasury 2042-2043	101.1	10.0
1040	100% Treasury 2043-2044	101.1	10.0	149	100% Treasury 2043-2044	101.1	10.0
1041	100% Treasury 2044-2045	101.1	10.0	150	100% Treasury 2044-2045	101.1	10.0
1042	100% Treasury 2045-2046	101.1	10.0	151	100% Treasury 2045-2046	101.1	10.0
1043	100% Treasury 2046-2047	101.1	10.0	152	100% Treasury 2046-2047	101.1	10.0
1044	100% Treasury 2047-2048	101.1	10.0	153	100% Treasury 2047-2048	101.1	10.0
1045	100% Treasury 2048-2049	101.1	10.0	154	100% Treasury 2048-2049	101.1	10.0
1046	100% Treasury 2049-2050	101.1	10.0	155	100% Treasury 2049-2050	101.1	10.0
1047	100% Treasury 2050-2051	101.1	10.0	156	100% Treasury 2050-2051	101.1	10.0
1048	100% Treasury 2051-2052	101.1	10.0	157	100% Treasury 2051-2052	101.1	10.0
1049	100% Treasury 2052-2053	101.1	10.0	158	100% Treasury 2052-2053	101.1	10.0
1050	100% Treasury 2053-2054	101.1	10.0	159	100% Treasury 2053-2054	101.1	10.0
1051	100% Treasury 2054-2055	101.1	10.0	160	100% Treasury 2054-2055	101.1	10.0
1052	100% Treasury 2055-2056	101.1	10.0	161	100% Treasury 2055-2056	101.1	10.0
1053	100% Treasury 2056-2057	101.1	10.0	162	100% Treasury 2056-2057	101.1	10.0
1054	100% Treasury 2057-2058	101.1	10.0	163	100% Treasury 2057-2058	101.1	10.0
1055	100% Treasury 2058-2059	101.1	10.0	164	100% Treasury 2058-2059	101.1	10.0
1056	100% Treasury 2059-2060	101.1	10.0	165	100% Treasury 2059-2060	101.1	10.0
1057	100% Treasury 2060-2061	101.1	10.0	166	100% Treasury 2060-2061	101.1	10.0
1058	100% Treasury 2061-2062	101.1	10.0	167	100% Treasury 2061-2062	101.1	10.0
1059	100% Treasury 2062-2063	101.1	10.0	168	100% Treasury 2062-2063	101.1	10.0
1060	100% Treasury 2063-2064	101.1	10.0	169	100% Treasury 2063-2064	101.1	10.0
1061	100% Treasury 2064-2065	101.1	10.0	170	100% Treasury 2064-2065	101.1	10.0
1062	100% Treasury 2065-2066	101.1	10.0	171	100% Treasury 2065-2066	101.1	10.0
1063	100% Treasury 2066-2067	101.1	10.0	172	100% Treasury 2066-2067	101.1	10.0
1064	100% Treasury 2067-2068	101.1	10.0	173	100% Treasury 2067-2068	101.1	10.0
1065	100% Treasury 2068-2069	101.1	10.0	174	100% Treasury 2068-2069	101.1	10.0
1066	100% Treasury 2069-2070	101.1	10.0	175	100% Treasury 2069-2070	101.1	10.0
1067	100% Treasury 2070-2071	101.1	10.0	176	100% Treasury 2070-2071	101.1	10.0
1068	100% Treasury 2071-2072	101.1	10.0	177	100% Treasury 2071-2072	101.1	10.0
1069	100% Treasury 2072-2073	101.1	10.0	178	100% Treasury 2072-2073	101.1	10.0
1070	100% Treasury 2073-2074	101.1	10.0	179	100% Treasury 2073-2074	101.1	10.0
1071	100% Treasury 2074-2075	101.1	10.0	180	100% Treasury 2074-2075	101.1	10.0
1072	100% Treasury 2075-2076	101.1	10.0	181	100% Treasury 2075-2076	101.1	10.0
1073	100% Treasury 2076-2077	101.1	10.0	182	100% Treasury 2076-2077	101.1	10.0
1074	100% Treasury 2077-2078	101.1	10.0	183	100% Treasury 2077-2078	101.1	10.0
1075	100% Treasury 2078-2079	101.1	10.0	184	100% Treasury 2078-2079	101.1	10.0
1076	100% Treasury 2079-2080	101.1	10.0	185	100% Treasury 2079-2080	101.1	10.0
1077	100% Treasury 2080-2081	101.1	10.0	186	100% Treasury 2080-2081	101.1	10.0
1078	100% Treasury 2081-2082	101.1	10.0	187	100% Treasury 2081-2082	101.1	10.0
1079	100% Treasury 2082-2083	101.1	10.0	188	100% Treasury 2082-2083	101.1	10.0
1080	100% Treasury 2083-2084	101.1	10.0	189	100% Treasury 2083-2084	101.1	10.0
1081	100% Treasury 2084-2085	101.1	10.0	190	100% Treasury 2084-2085	101.1	10.0
1082	100% Treasury 2085-2086	101.1	10.0	191	100% Treasury 2085-2086	101.1	10.0
1083	100% Treasury 2086-2087	101.1	10.0	192	100% Treasury 2086-2087	101.1	10.0
1084	100% Treasury 2087-2088	101.1	10.0	193	100% Treasury 2087-2088	101.1	10.0
1085	100% Treasury 2088-2089	101.1	10.0	194	100% Treasury 2088-2089	101.1	10.0
1086	100% Treasury 2089-2090	101.1	10.0	195	100% Treasury 2089-2090	101.1	10.0
1087	100% Treasury 2090-2091	101.1	10.0	196	100% Treasury 2090-2091	101.1	10.0
1088	100% Treasury 2091-2092	101.1	10.0	197	100% Treasury 2091-2092	101.1	10.0
1089	100% Treasury 2092-2093	101.1	10.0	198	100% Treasury 2092-2093	101.1	10.0
1090	100% Treasury 2093-2094	101.1	10.0	199	100% Treasury 2093-2094	101.1	10.0
1091	100% Treasury 2094-2095	101.1	10.0	200	100% Treasury 2094-2095	101.1	10.0
1092	100% Treasury 2095-2096	101.1	10.0	201	100% Treasury 2095-2096	101.1	10.0
1093	100% Treasury 2096-2097	101.1	10.0	202	100% Treasury 2096-2097	101.1	10.0
1094	100% Treasury 2097-2098	101.1	10.0	203	100% Treasury 2097-2098	101.1	10.0
1095	100% Treasury 2098-2099	101.1	10.0	204	100% Treasury 2098-2099	101.1	10.0
1096	100% Treasury 2099-2100	101.1	10.0	205	100% Treasury 2099-2100	101.1	10.0
1097	100% Treasury 2100-2101	101.1	10.0	206	100% Treasury 2100-2101	101.1	10.0
1098	100% Treasury 2101-2102	101.1	10.0	207	100% Treasury 2101-2102	101.1	10.0
1099	100% Treasury 2102-2103	101.1	10.0	208	100% Treasury 2102-2103	101.1	10.0
1100	100% Treasury 2103-2104	101.1	10.0	209	100% Treasury 2103-2104	101.1	10.0
1101	100% Treasury 2104-2105	101.1	10.0	210	100% Treasury 2104-2105	101.1	10.0
1102	100% Treasury 2105-2106	101.1	10.0	211	100% Treasury 2105-2106	101.1	10.0
1103	100% Treasury 2106-2107	101.1	10.0	212	100% Treasury 2106-2107	101.1	10.0
1104	100% Treasury 2107-2108	101.1	10.0	213	100% Treasury 2107-2108	101.1	10.0
1105	100% Treasury 2108-2109	101.1	10.0	214	100% Treasury 2108-2109	101.1	10.0
1106	100% Treasury 2109-2110	101.1	10.0	215	100% Treasury 2109-2110	101.1	10.0
1107	100% Treasury 2110-2111	101.1	10.0	216	100% Treasury 2110-2111	101.1	10.0
1108	100% Treasury 2111-2112	101.1	10.0	217	100% Treasury 2111-2112	101.1	10.0
1109	100% Treasury 2112-2113	101.1	10.0	218	100% Treasury 2112-2113	101.1	10.0
1110	100% Treasury 2113-2114	101.1</					

## INDUSTRIALS—Continued

1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	763	762	761	760	759	758	757	756	755	754	753	752	751	750	749	748	747	746	745	744	743	742	741	740	739	738	737	736	735	734	733	732	731	730	729	728	727	726	725	724	723	722	721	720	719	718	717	716	715	714	713	712	711	710	709	708	707	706	705	704	703	702	701	700	699	698	697	696	695	694	693	692	691	690	689	688	687	686	685	684	683	682	681	680	679	678	677	676	675	674	673	672	671	670	669	668	667	666	665	664	663	662	661	660	659	658	657	656	655	654	653	652	651	650	649	648	647	646	645	644	643	642	641	640	639	638	637	636	635	634	633	632	631	630	629	628	627	626	625	624	623	622	621	620	619	618	617	616	615	614	613	612	611	610	609	608	607	606	605	604	603	602	601	600	599	598	597	596	595	594	593	592	591	590	589	588	587	586	585	584	583	582	581	580
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## MARKET REPORT

Account Dealing Dates  
Option  
\*First Declara- Last Account  
Dealings Dealing Day  
Apr 28 May 8 May 9 May 19  
May 12 May 29 May 30 June 9  
June 2 June 12 June 13 June 23  
\*\*New-time deals may take  
place from 9.30 am two business days  
earlier.

Equity markets maintained Monday's recovery movement yesterday, but once again, trading conditions were extremely slow as investors continued to adopt a cautious stance following the recent sharp shakeout.

A steady flow of company trading statements, particularly from the retailing sector, kept interest alive. Preliminary figures above market expectations left Sainsbury 8 higher at 386p, after having touched 382p at one stage, while the annual results from Underwoods, a shade firmer at 184p, were also well received.

Meanwhile, blue chip industrial trading on a quality note, but the day's improvement owed more to a squeeze on near positions than to any new investment demand. The bulk of yesterday's rise took place in the first hour of business. This was reflected in the Financial Times Ordinary share index which posted a gain of 5.5 at 10.00 am and held around that level until the late afternoon when firmer opening advices from Wall Street encouraged a further modest advance which resulted in a closing rise of 10.7 at 1.30.00.

In complete contrast, South African mining and industrial shares remained under pressure following a fresh slide in the rand and renewed calls for economic sanctions in the wake of the attacks on neighbouring states.

Government securities made headway, despite a small initial setback in response to the overnight fall in the domestic bond market. Down around 1, and occasionally more at the outset, long-dated issues gradually improved on the appearance of buyers to settle the market on balance. The shorts followed a similar pattern with low coupon stocks still benefiting from the reinvestment of funds resulting from the recent redemption of Treasury 3 per cent 1985. Index-linked, however, turned easier following exhaustion of the £100m tranche, also 2 per cent 2000. Losses in this area ranged to 1.

## Equity and Law better

After Monday's bout of profit-taking, Equity and Law attracted renewed speculative support fuelled by vague rumours of a bid from British Telecom, also wealth Shipping and the close was 11 dearer at 266p, after 270p; E and L's AGM is scheduled for today. Lloyd's Broker Hogge Robinson, meanwhile, also responded to revived takeover chatter and finished 11 to the good at 306p.

Rally in equities gains momentum  
South African issues weak

Investors continued to ignore the major clearers in the wake of NatWest's record cash call, although the latter hardened 5 at 745p. Elsewhere, ANZ dropped 8 afresh to 255p on further consideration of the disappointing half-year results.

Sales promotions group Clarke Hooper staged a highly successful debut in the Unlisted Securities Market; the shares, placed at 130p, opened at 130p and moved ahead to close at the day's best of 155p.

Relatively subdued recently, leading Breweries trended firmer as investors took positions ahead of company trading statements due this week. B&S, scheduled to reveal interim figures today, closed 15 higher at 789p, while Whitbread "A", expected to announce full-year profits of around £100m today, put on 13 to 290p. Greenall Whitley, mid-term results due tomorrow, hardened a couple of pence to 180p.

## Fine Art wanted

Leading Stores attracted fresh support as the latest FT/CBI survey of distributive trades, around the business underpin trend in retail sales. Woolworth, still hoping for an increased order from Dixons, rose 10 to 365p, the others again in the closing date tomorrow. Sears, aided by a Press mention, hardened a couple of pence to 1249p, while Harris Queensway moved 8 more to 236p as talk persisted that a deal with GUS is imminent. Costs Vyella improved 10 to 450p in belated response to a bullish circular from broker Zoete and Bevan, while hopes of a full-scale bid from Ratners lifted H. Samuel "A" 4 to 126p. Free Art Developments, the greetings card manufacturer, spurred 16 to 156p in response to the bumper preliminary profits. Fresh speculative demand was evident for

FINANCIAL TIMES STOCK INDICES									
	May 20	May 19	May 18	May 17	May 16	May 15	May 14	May 13	Year ago
Government Secs	91.73	91.62	91.54	91.98	92.43	91.87	90.91	91.87	90.91
Fixed Interest	96.82	96.82	96.74	96.89	97.10	96.80	95.79	96.80	95.79
Ordinary W	1305.0	1294.3	1289.5	1302.6	1320.0	1321.2	1302.0	1321.2	1302.0
Gold Mines	228.0	241.9	246.1	244.3	251.0	255.6	241.5	255.6	241.5
Ord. Div. Yield	4.21	4.24	4.25	4.34	4.14	3.95	4.34	3.95	4.34
Earnings, Yd. %	10.44	10.55	10.57	10.46	10.25	9.82	11.46	9.82	11.46
P/E Ratio (W)	11.71	11.61	11.57	11.69	11.93	12.45	10.63	12.45	10.63
Total bargains (Est.)	25,467	26,027	25,714	26,281	26,798	24,857	24,261	26,798	24,261
Equity turnover (m)	365.85	490.95	555.73	680.93	576.43	557.09	557.09	576.43	557.09
Equity bargains (m)	22,664	23,887	21,817	23,580	24,567	27,285	27,285	24,567	27,285
Shares traded (m)	178.3	218.4	251.1	295.1	274.1	277.7	277.7	274.1	277.7

Opening - 10 am 1302.2, 11 am 1300.0, Noon 1301.9, 1 pm 1302.9, 2 pm 1303.5, 3 pm 1303.8, 4 pm 1304.3, Day's High 1305.0, Day's Low 1294.3, Basis 100 Government Securities 15 to 25, Five interest 1528, 12m Govt Bonds 12 to 15, Activity 1974, Lowest 1025, 01-245 802p, 7m=11 31

HIGHS AND LOWS S.E. ACTIVITY									
	1986	Since Compil'n	INDICES	May 18	May 19				
Govt. Secs.	94.51	80.39	127.4	49.18	Bargains	171.8	131.5		
Fixed Int.	97.21	86.65	104.6	31.12	Bargains	148.1	154.8		
Ordinary W	1221.1	1081.1	138.1	11.78	Day's Range	739.5	992.3		
Gold Mines	1432.9	1094.3	1425.9	49.4	Gift Edged	149.3	143.4		
	134.1	111.1	14.6	25.46	Equities	151.2	154.6		
	327.0	238.6	754.7	42.5	Bargains	107.0	1124.1		
	(27.1)	15.2	12.0	10.71	Value				

Summerville 5, to the good at 39p, and Dunhill, 13 better at 453p. Underwoods hardened a couple of pence to 184p following the full-year figures.

Amstrad fell 23 to 542p, after 535p, following the sale by the chairman Mr Alan Sugar of around 5m shares in the company at 520p per share. Air Call dropped 5 to 245p in reaction to adverse comment by Miles 33 advanced 18 to 133p in response to the annual results and proposed 100 per cent scrip-issue. SCUSA rose 12 to 148p, after 150p, on revised trading figures and speculative buying prompted gains of 4 and 8 respectively in Electronic Rentals, 80p, and Atlantic Computers, 273p. United Scientifics moved 7 to 132p after further consideration of the first-half figures, while FKI hardened a fraction more to 78p after Monday's comment on the purchase of Thorn EMI's engineer inc and components division. Leading Electricals plotted an irregular course to 78p after Monday's comment on the purchase of Thorn EMI's engineer inc and components division. Leading Electricals plotted an irregular course to 78p after Monday's comment on the purchase of Thorn EMI's engineer inc and components division.

Features in Engineering were few and far between. Yarrow gained 10 more for a two-day

## Boots below best

Boots helped enliven an otherwise quiet day for the miscellaneous industrial leaders, rising 7 to 255p, after 250p, on vague rumours of a possible bid from Fisons, 3 harder at 870p. Trafalgar House added 6 to 300p, following an announcement that a consortium headed by Trafalgar had decided not to bid for the management of the Devonport dockyard in gold and west England. British Aerospace jumped 21 to 531p following the West German Tornado order, while Clement Clark continued strongly, rising 45 afresh to 235p on news of a bid approach. Brengren moved up 3 to 391p amid Pritchard Services merger speculation and Standard Fireworks added 13 to 155p following the counter offer from Scottish Heritable, 4 higher at 180p. Berisford jumped 12 to 105p on hopes of an increased offer from Alliewest, while Hestair reflected bid speculation with a gain of 5 at 170p. A and P. Applender, however, plummeted 50 to 280p on acute divisional issues showed profits, while James Cream dipped 25 to 345p following the proposed rights issue.

Dowty, the subject of persistent BTR bid rumours, recently advanced 6 more to 211p with sentiment additionally buoyed by a circular from brokers de Zoete and Bevan.

The Food sector commanded more attention than most, with bid developments and trading activity to the fore. On the take-over front, S. and W. Berisford dipped to 200p prior to closing 9 down on balance at 209p following the decision to refer the respective bids from Tate and Lyle and Hilldown Holdings to the Monopolies Commission. The decision also upset Hilldown, which reacted to 25p before being closed left the price a net 7 down on the day at 273p. Tate and Lyle, however, rose 8 to 563p. Preliminary profits some 56m above market estimates gave a strong boost to major food retailers. J. Sainsbury which closed 8 higher at 386p, after 382p, Tesco, reporting shortly, were 5 better at 360p in sympathy. Rank's Bovik McQuinn revealed interim profits in line with market expectations, but the price, after touching 205p on the announcement, slipped back to 202p, closing on balance at 202p. Elsewhere, a speculative flurry lifted US-quoted Jack L. Israel 3 to 301p, while old takeover favourite Meat Trade Suppliers revived with a gain of 10 at 115p.

Grated Metropolitan traded within fairly narrow limits before late support left the close 11 higher on balance at 405p. Ladbroke firmed 4 to 324p and Trusthouse Forte improved 2 to 152p. Prince of Wales Hotels

gained 5 to 30p on vague take-over rumours.

Business in Properties remained in low key, and the leaders closed with small irregular movements. Land Securities, a firm market on Monday reflecting traded option business, softened a couple of pence to 174p. Secondary issues were featured by Marler Estates which gained 40 to 351p, after 40p, following news of the agreed offer worth some £10m for Fulham Football Club to be financed by a rights issue. Marler has also received detailed planning permission for residential development of Stamford Bridge, the home of Chelsea F.C.

Shippings returned to favour under the lead of P & O Deferred, 12 to the good at 540p. British and Commonwealth, a nervous market, recently followed the preliminary results and vague suggestions that the company is about to launch a bid for Equity and Law, rallied 13 to 310p on "cheap" buying. Calsonica advanced 8 to 285p in sympathy. Mersey Docks improved a few pence to 41p after revealing sharply increased full-year profits.

Courtauld featured otherwise idle Textiles, rising 8 to 271p;

The preliminary figures are scheduled for Thursday week. The firm showing by crude oil prices in the US overnight prompted a strong opening in oil shares. However, a subsequent downturn in European spot prices and left most leading oils below the best, but BP eventually closed 16 higher at 575p on favourable reports of a meeting between the company and oil sector analysts. Shell put on 6 more to 785p. L.A.S.M.O. rose 7 to 127p after 130p, and British edged up 3 to 155p.

Widespread international criticism of the South African attacks on targets in Zimbabwe, Zambia and Botswana, and ensuing calls for harder economic sanctions by Western European nations against the Republic, triggered another sharp decline in the South African currency and led to further steep falls in gold and related shares. Industrial issues also suffered badly. Actual selling pressure in South Africa was minimal but the progressive decline in the Rand prompted share dealers to mark prices lower throughout the session. At the close of business Golds were at, or around the day's manager prices. Gold Mines index dropped 13.2 to 228.7 - its lowest level since early November last year.

Falls in the leading Golds stretched to 24p with "Amalgam" that amount lower at £381. Vaal Reef dropped 24 to £384 and Randfontein 24 to £451, while manager prices showed 30p and Jack 20 down at 50p. Elandsrand 35 off at 305p and Kioof 50 lower at 378p.

London-domiciled mining financials mirrored the widespread decline throughout South Africa. Consolidated Gold Fields gave up 11 to 447p, after 448p but Rio Tinto, with a much smaller exposure to southern Africa, showed only a 3 decline at 647p.

## Traded Options

Activity in Traded Options centred on Hanson Trust which attracted steady demand and recorded 1753 calls and 386 puts. Business elsewhere, however, was relatively quiet. Total contracts transacted amounted to 13,926.

## RISES AND FALLS YESTERDAY

Rises	Falls	Stays
77	14	21

British Funds	2	15	53
Corpor. Bonds	329	270	633
Financial & Props.	33	119	346
Govt Bonds	2	75	75
Plantations	1	1	13
Miners	14	88	78
Others	7	72	89

Totals 589 589 1,588

## TRADITIONAL OPTIONS

First Last Last For  
Deal-Deal-Deal-Settle-  
tion tion ment  
May 19 June 6 Aug 28 Sept 8  
June 9 June 29 Sept 11 Sept 22  
23 July 4 Sept 25 Oct 6  
For rate indications see end of  
Unit Trust Service

Call options were taken out in Premier Oil, North Sea and General, Richardson Westgarth, W&L, Toner Kemley and Midland, Johnson and Brown, Charterhall, South Diffusion, Amstrad, STC, Control Securities, Trusthouse Forte, Screamore and Apriest Computers. No puts were reported, but a double was transacted in STC.

## EQUITIES

Price	Point	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	9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**CANADA**

AUSTRIA				GERMANY				NORWAY				AUSTRALIA (continued)				JAPAN (continued)			
May 30	Price	+ or -		May 30	Price	+ or -		May 30	Price	+ or -		May 30	Price	+ or -		May 30	Price	+ or -	
Credit Nat'l pp.	3,950	-20		AFG.	301	-27		Bergens Bank	150	-0.5		Gen. Prop. Trust	3,500	-0.5		Mitsui Bank	368	-0.5	
Internat'l	8,500	+30		AGF. Ver.	2,402	-93		Borgerland	237.5	-0.5		Hartog Bank	1,000	-0.5		Mitsui Co.	432	-1	
Junghansbank	19,500	+100		SASF	2,292	-1		Christians Bank	198	-0.5		Heraldry Times	1,000	-0.5		Mitsui Co.	432	-1	
Perimeter	2,850	+25		SAF	2,292	-1		Elkman	235	+1.5		ICI Aust.	1,000	-0.5		Mitsui Co.	432	-1	
Styris Bank	180	-5		SAF	2,292	-1		Elkman	235	+1.5		ICI Aust.	1,000	-0.5		Mitsui Co.	432	-1	
Valerian Bank	11,100	+100		SAF	2,292	-1		Elkman	235	+1.5		ICI Aust.	1,000	-0.5		Mitsui Co.	432	-1	
BELGIUM/LUXEMBOURG				May 30	Price	+ or -		May 30	Price	+ or -		May 30	Price	+ or -		May 30	Price	+ or -	
S.B.L.	3,050	-50		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -	
Bank. Gen. A.L.	16,800	-100		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -	
Bank. Int. A.L.	16,800	-100		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -	
Bank. Int. A.L.	16,800	-100		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -	
Bank. Int. A.L.	16,800	-100		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -	
Bank. Int. A.L.	16,800	-100		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -	
Bank. Int. A.L.	16,800	-100		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -	
Bank. Int. A.L.	16,800	-100		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -	
Bank. Int. A.L.	16,800	-100		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -	
Bank. Int. A.L.	16,800	-100		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -	
Bank. Int. A.L.	16,800	-100		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -	
Bank. Int. A.L.	16,800	-100		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -	
Bank. Int. A.L.	16,800	-100		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -	
Bank. Int. A.L.	16,800	-100		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -	
Bank. Int. A.L.	16,800	-100		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -	
Bank. Int. A.L.	16,800	-100		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -	
Bank. Int. A.L.	16,800	-100		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -	
Bank. Int. A.L.	16,800	-100		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -	
Bank. Int. A.L.	16,800	-100		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -	
Bank. Int. A.L.	16,800	-100		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -	
Bank. Int. A.L.	16,800	-100		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -	
Bank. Int. A.L.	16,800	-100		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -	
Bank. Int. A.L.	16,800	-100		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -	
Bank. Int. A.L.	16,800	-100		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -	
Bank. Int. A.L.	16,800	-100		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -	
Bank. Int. A.L.	16,800	-100		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -	
Bank. Int. A.L.	16,800	-100		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -	
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Bank. Int. A.L.	16,800	-100		May 30 <th>Price</th> <th>+ or -</th> <th></th>	Price	+ or -													

**Nasdaq national market 2:30pm prices**

Stock	Sales (Hndt)	High	Low	Last	Chng	Stock	Sales (Hndt)	High	Low	Last	Chng	Stock	Sales (Hndt)	High	Low	Last	Chng	Stock	Sales (Hndt)	High	Low	Last	Chng
Continued from Page 39																							
Permet	1.12	28	28	27 1/2	+ 1/4	SPF	126	7 1/4	7	7	- 1/4	Shog	.058	418	8 1/2	6	6 1/4	USeshk	.15	15	3 1/2	3 1/2	23 1/2
Pharmc	1.00	1080	1080	1070	+ 1/4	SHSLY	70	17 1/2	16 1/2	- 1/4	Shogler	.06	176	4 1/2	3 1/4	3 1/4	USLR	.02	27	5 1/2	5 1/2	23 1/2	
Pine	.006	276	276	274	+ 1/4	Sidco	170	613	585	+ 1 1/2	Shoglin	.72	35	25	25	-	USman	.24	42	21 1/2	21 1/2	21 1/2	
PharmA	.006	276	276	274	+ 1/4	Safette	1141	81 1/4	81	-	Sidco	.06	1263	22 1/2	22 1/2	+ 1/4	UnTelv	.84	26	26 1/2	26 1/2	26 1/2	
Picklev	1	100	100	97 1/2	- 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	UnVrm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
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Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685	681	+ 1/4	Sidco	.84	37	32 1/2	32 1/2	-	USFm	.08	31	30 1/2	30 1/2	31 1/2	
Pine	.006	276	276	274	+ 1/4	Shaul	3	685															

**LONDON** Chief price changes  
(In pence unless otherwise indicated)

RISES			FALLS		
Berisfords	108	+ 12	Scusa	148	+
Boots	255	+ 7	Sainsbury (J)	386	+
B&E	551	+ 21	Standard Fworks	155	+
Brit & Cwealth	310	+ 13	Tate & Lyle	563	+
BP	578	+ 18	Wardle Storeys	333	+
Clarke (Clement)	235	+ 45	Whitbread A	290	+
Courtaulds	271	+ 8			
Dowty	211	+ 6	Amstrad	542	-
Equity & Daw	206	+ 11	Appledore (A&P)	260	-
Electronic Rent	690	+ 4	Berisford (S&W)	209	-
Fine Art Dev	158	+ 16	Clean (J.)	345	-
Hogg Robinson	308	+ 11	Elandsrand Gold	305	-
Israel (Jack L.)	30 1/2	+ 3 1/2	Hillsdown	273	-
Marler Estates	385	+ 40	Kloof Gold	375	-
Miles 33	363	+ 18	Mowlem (J.)	362	-

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1. *Chlorophyll a* and *Chlorophyll b* were determined by the method of Lichtenthaler and Whistler (1973).

1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 26

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## NYSE COMPOSITE PRICES

Continued from Page 38

12 Month	High	Low	Stock	Div.	Yld.	P/E	Stk.	100s	High	Low	Change
35%	32%	28%	PerG p4.40	13	7	34%	34%	34%	34%	34%	34%
40%	37%	33%	PerG p4.32	13	7	34%	34%	34%	34%	34%	34%
45%	42%	38%	PerG p4.24	13	7	34%	34%	34%	34%	34%	34%
50%	47%	43%	PerG p4.16	13	7	34%	34%	34%	34%	34%	34%
55%	52%	48%	PerG p4.08	13	7	34%	34%	34%	34%	34%	34%
60%	57%	53%	PerG p4.00	13	7	34%	34%	34%	34%	34%	34%
65%	62%	58%	PerG p3.92	13	7	34%	34%	34%	34%	34%	34%
70%	67%	63%	PerG p3.84	13	7	34%	34%	34%	34%	34%	34%
75%	72%	68%	PerG p3.76	13	7	34%	34%	34%	34%	34%	34%
80%	77%	73%	PerG p3.68	13	7	34%	34%	34%	34%	34%	34%
85%	82%	78%	PerG p3.60	13	7	34%	34%	34%	34%	34%	34%
90%	87%	83%	PerG p3.52	13	7	34%	34%	34%	34%	34%	34%
95%	92%	88%	PerG p3.44	13	7	34%	34%	34%	34%	34%	34%
100%	97%	93%	PerG p3.36	13	7	34%	34%	34%	34%	34%	34%
105%	102%	98%	PerG p3.28	13	7	34%	34%	34%	34%	34%	34%
110%	107%	103%	PerG p3.20	13	7	34%	34%	34%	34%	34%	34%
115%	112%	108%	PerG p3.12	13	7	34%	34%	34%	34%	34%	34%
120%	117%	113%	PerG p3.04	13	7	34%	34%	34%	34%	34%	34%
125%	122%	118%	PerG p2.96	13	7	34%	34%	34%	34%	34%	34%
130%	127%	123%	PerG p2.88	13	7	34%	34%	34%	34%	34%	34%
135%	132%	128%	PerG p2.80	13	7	34%	34%	34%	34%	34%	34%
140%	137%	133%	PerG p2.72	13	7	34%	34%	34%	34%	34%	34%
145%	142%	138%	PerG p2.64	13	7	34%	34%	34%	34%	34%	34%
150%	147%	143%	PerG p2.56	13	7	34%	34%	34%	34%	34%	34%
155%	152%	148%	PerG p2.48	13	7	34%	34%	34%	34%	34%	34%
160%	157%	153%	PerG p2.40	13	7	34%	34%	34%	34%	34%	34%
165%	162%	158%	PerG p2.32	13	7	34%	34%	34%	34%	34%	34%
170%	167%	163%	PerG p2.24	13	7	34%	34%	34%	34%	34%	34%
175%	172%	168%	PerG p2.16	13	7	34%	34%	34%	34%	34%	34%
180%	177%	173%	PerG p2.08	13	7	34%	34%	34%	34%	34%	34%
185%	182%	178%	PerG p2.00	13	7	34%	34%	34%	34%	34%	34%
190%	187%	183%	PerG p1.92	13	7	34%	34%	34%	34%	34%	34%
195%	192%	188%	PerG p1.84	13	7	34%	34%	34%	34%	34%	34%
200%	197%	193%	PerG p1.76	13	7	34%	34%	34%	34%	34%	34%
205%	202%	198%	PerG p1.68	13	7	34%	34%	34%	34%	34%	34%
210%	207%	203%	PerG p1.60	13	7	34%	34%	34%	34%	34%	34%
215%	212%	208%	PerG p1.52	13	7	34%	34%	34%	34%	34%	34%
220%	217%	213%	PerG p1.44	13	7	34%	34%	34%	34%	34%	34%
225%	222%	218%	PerG p1.36	13	7	34%	34%	34%	34%	34%	34%
230%	227%	223%	PerG p1.28	13	7	34%	34%	34%	34%	34%	34%
235%	232%	228%	PerG p1.20	13	7	34%	34%	34%	34%	34%	34%
240%	237%	233%	PerG p1.12	13	7	34%	34%	34%	34%	34%	34%
245%	242%	238%	PerG p1.04	13	7	34%	34%	34%	34%	34%	34%
250%	247%	243%	PerG p0.96	13	7	34%	34%	34%	34%	34%	34%
255%	252%	248%	PerG p0.88	13	7	34%	34%	34%	34%	34%	34%
260%	257%	253%	PerG p0.80	13	7	34%	34%	34%	34%	34%	34%
265%	262%	258%	PerG p0.72	13	7	34%	34%	34%	34%	34%	34%
270%	267%	263%	PerG p0.64	13	7	34%	34%	34%	34%	34%	34%
275%	272%	268%	PerG p0.56	13	7	34%	34%	34%	34%	34%	34%
280%	277%	273%	PerG p0.48	13	7	34%	34%	34%	34%	34%	34%
285%	282%	278%	PerG p0.40	13	7	34%	34%	34%	34%	34%	34%
290%	287%	283%	PerG p0.32	13	7	34%	34%	34%	34%	34%	34%
295%	292%	288%	PerG p0.24	13	7	34%	34%	34%	34%	34%	34%
300%	297%	293%	PerG p0.16	13	7	34%	34%	34%	34%	34%	34%
305%	302%	298%	PerG p0.08	13	7	34%	34%	34%	34%	34%	34%
310%	307%	303%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
315%	312%	308%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
320%	317%	313%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
325%	322%	318%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
330%	327%	323%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
335%	332%	328%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
340%	337%	333%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
345%	342%	338%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
350%	347%	343%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
355%	352%	348%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
360%	357%	353%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
365%	362%	358%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
370%	367%	363%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
375%	372%	368%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
380%	377%	373%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
385%	382%	378%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
390%	387%	383%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
395%	392%	388%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
400%	397%	393%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
405%	402%	398%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
410%	407%	403%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
415%	412%	408%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
420%	417%	413%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
425%	422%	418%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
430%	427%	423%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
435%	432%	428%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
440%	437%	433%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
445%	442%	438%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
450%	447%	443%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
455%	452%	448%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
460%	457%	453%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
465%	462%	458%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
470%	467%	463%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
475%	472%	468%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
480%	477%	473%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
485%	482%	478%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
490%	487%	483%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
495%	492%	488%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
500%	497%	493%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
505%	502%	498%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
510%	507%	503%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
515%	512%	508%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
520%	517%	513%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
525%	522%	518%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
530%	527%	523%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
535%	532%	528%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
540%	537%	533%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
545%	542%	538%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
550%	547%	543%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
555%	552%	548%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
560%	557%	553%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
565%	562%	558%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
570%	567%	563%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
575%	572%	568%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
580%	577%	573%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
585%	582%	578%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
590%	587%	583%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
595%	592%	588%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
600%	597%	593%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
605%	602%	598%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
610%	607%	603%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
615%	612%	608%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
620%	617%	613%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
625%	622%	618%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
630%	627%	623%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
635%	632%	628%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
640%	637%	633%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
645%	642%	638%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
650%	647%	643%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
655%	652%	648%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
660%	657%	653%	PerG p0.00	13	7	34%	34%	34%	34%	34%	34%
665%	662%	658%	PerG p0.00	13	7	34%	34%	34%			

# FINANCIAL TIMES

## WORLD STOCK MARKETS

### WALL STREET

## Confused response to GNP data

IN THE WAKE of a somewhat confused response to the revised GNP estimates from the Bureau of Economic Analysis, Wall Street stocks moved higher at mid-session yesterday, writes Terry Byland in New York.

The lead came from the bond market, where federal issues replaced early half point falls with gains of a similar proportion.

At 3pm, the Dow Jones industrial average was 12.65 up at 1,770.83.

The Dow transportation average also staged a rally from recent weakness. Traders remained undecided about the underlying trend of the stock market. Buying interest was sporadic and the low level of turnover caused some concern.

The upgrading of the GNP estimates to show a 3.7 per cent growth rate in the first quarter was a surprise for Wall Street where analysts expected a downward revision to around 2.5 per cent. But the initial fall in bond prices was quickly recovered when analysts took a closer look at the GNP estimates and decided that they indicated a weak economy.

The rally in bonds, fuelled also by firmness in the dollar and by a down-

turn in crude oil futures in New York, was slow to reach the stock market. However, a bull factor was a rally in IBM stock, which had approached a significant support range.

At \$145, IBM gained \$1½ in brisk trading, helped by the announcement of new products. Digital Equipment, number two to Big Blue, rebounded \$1½ to \$87½ and Honeywell at \$76½ added \$½.

Sperry recaptured the top place in the NYSE active list, easing \$½ to \$73½ as its rejection of Burroughs' sweetened offer of \$75 a share left the arbitrageurs hopeful for yet higher terms. Neither a friendly white knight nor a new rival bid for Sperry seems likely, but Wall Street believes that Sperry may push Burroughs closer to an offer price of \$80 a share. Burroughs eased \$¼ to \$58.

Despite the revival in oil futures prices this week on the New York Mercantile Exchange, airline stocks turned sharply upwards, with the domestic carriers leading the way on expectations that terrorist fears will keep US tourists at home this summer.

American at \$56½ gained \$1½, and Delta \$½ to \$43½. But PanAm, unsettled by the sharp fall in transatlantic passenger traffic, shed another \$¼ to \$5½, a low for the year.

Oils were generally firm, Exxon adding \$¼ to \$58½ although Atlantic Richfield fell \$¼ to \$55½.

Retail stocks strengthened behind trading results from major names. May Department stores jumped \$2½ to \$78½ on the profits news, while Dayton Hudson added \$1½ to \$55½ and Allied Stores \$¼ to \$42½ on similar grounds. K mart, still responding to this week's trading

statement, gained a further \$1¼ to \$51½ in heavy trading.

Home Depot jumped \$2¼ to \$19½ after disclosing a sharp rise in first-quarter earnings. However, Associated Dry Goods at \$45½ lost \$1½ after reporting lower profits. Shopwell, the supermarket chain, gained \$2½ to \$33½ on the news that it had begun merger discussions.

Some interest was shown in paper industry stocks after Merrill Lynch favourably reviewed Champion International, which gained \$¼ to \$25½. International Paper, the industry leader, put on \$¼ to \$56½.

There were sharp gains in some pharmaceuticals despite the recovery in the dollar. Pfizer gained \$1½ to \$59½ and Bristol-Myers \$½ to \$78½. Chemicals, too, moved ahead, under the lead of Monsanto, \$1½ higher at \$65½.

In the credit markets, the sharp rise in rates was abruptly halted as analysts took a second look at the GNP estimates. The data disclosed a sharp rise in inventories, which was seen as a sign of weak demand that "bodes ill for the second quarter." Early gains in short-term rates were trimmed, with the Fed helping the process along with two-day system repurchases. Bonds staged a surprising turnaround to show gains of half a point in response to the market's finally bearish reading of the economic data.

### TOKYO

## Small-lot selling hits blue chips

BLUE CHIPS and consumer stocks were out of favour and share prices closed slightly lower in Tokyo yesterday, writes Shigeo Nishitani of Jiji Press.

In lacklustre trading, some oils, biotechnology stocks and issues related to mergers and acquisitions were traded for short-term capital gains.

The Nikkei average dipped 7.55 from the previous day to 15,889.96. Trading remained light at 315m shares compared with Monday's 274m. Declines outpaced advances by 435 to 384, with 186 issues unchanged.

Some biotechnology issues attracted strong buying interest. Kuraray, the second busiest issue with 12.46m shares changing hands, jumped Y60 to Y1,730, bolstered by reports of the company's clinical test on a new anti-cancer agent. Kyowa Hakko leaped Y40 to Y1,630 and Nippon Kayaku Y88 to Y1,070.

Oil issues regained popularity, with Nippon Oil finishing Y80 higher at Y1,190 after gaining Y80 at one stage. Showa Shell Sekiyu spurred Y10 to Y846. Arabian oil soared Y280 to Y4,380 on investor expectations that the yen's sharp appreciation against the dollar and cheaper crude oil prices would bring about a major improvement in earnings.

Also in the spotlight were issues rumoured to be the target of speculators. Tobishima topped the active list for the second consecutive session with 14.99m shares, advancing Y19 to an all-time high of Y868 during trading. But the issue closed Y24 lower at Y825 due to investor concern about high price levels.

All Nippon Airways (ANA) advanced Y22 to Y915 on rumours of its stock being cornered. Tokyo Tanabe, Toyo Lincolor and Janome Sewing Machine scored daily limit gains, rising Y100, Y105 and Y100 to Y800, Y1,100 and Y2,280 respectively.

Takuma, the fifth most active stock with 1.72m shares, added Y28 to Y683 during the day, surpassing its all-time high of Y681. But it came under selling pressure later to end at Y670, up Y15. Its popularity was apparently fuelled by rumours of takeover plans by a foreign firm.

Buying interest in consumer stocks and blue chips faded, with Hitachi losing Y14 to Y879 and NEC Y30 to Y1,490 on small-lot selling. Tokyo Electric Power dropped Y20 to Y3,650 and Ohbayashi Y5 to Y538.

Bond prices fluctuated in response to moves on the bond futures market.

On the futures market, September contracts fell Y0.58 to Y101.78 at one stage, depressed by an overnight rise in the yield on 30-year US Treasury bonds, but closed Y0.05 higher at Y102.40 on buying by securities houses toward the close.

On the cash market, the yield on the benchmark 6.2 per cent government bond maturing in July 1995 fell to 4.845 per cent, compared with the previous day's 4.860 per cent, after rising to 4.935 per cent. The yield on the 5.1 per cent bond due in March 1990 advanced to 5.230 per cent in early trading, but later declined to 5.150 per cent as against Monday's 5.090 per cent.

### HONG KONG

A REBOUND following Monday's sharply lower session turned prices higher in Hong Kong. The Hang Seng index added 12.25 to 1,777.27 after the previous day's loss of more than 22 points.

Next week's government land auction prompted activity in the property sector. Cheung Kong added 20 cents to HK\$20.40, Hongkong and Kowloon Wharf rose a similar amount to HK\$7.15, Hongkong Land gained 10 cents to HK\$6.20 and New World Development also rose 10 cents to HK\$6.20.

Trading companies attracted strong support with Hutchison Whampoa ahead 10 cents at HK\$29.00 and Jardine Matheson 20 cents higher at HK\$12.50.

### EUROPE

## Post-holiday strength displayed

THERE WAS SOMETHING for everyone on the European bourses yesterday as investors returned from the Whit-sun holiday. The Netherlands put on an unexpectedly good pre-election showing, Belgium was at a record amid government moves on the budget and profit-takers hit West German stocks heavily in thin trading.

Amsterdam displayed surprising strength and high turnover when most dealers had expected a thin, weak market. Some analysts pinpointed market optimism that the centre-right coalition could stay in government.

VNU was the star of the session with its FI 20 jump to FI 315 on heavy foreign demand, while Royal Dutch moved FI 3.80 higher to FI 189 on good results. Philips, however, moved against the trend with its 10-cent fall to FI 53.70 and Heineken dipped 30 cents to FI 140.70.

Fokker added 50 cents to FI 87.30.

Pakhoed firmed FI 2 to FI 52 despite its announcement of expected lower profits and the poor prospects of its Pandair air freight unit.

The bond market was more cautious ahead of the election and prices were lower where changed.

Foreign institutional buyers helped push Brussels to a record after the Government announcement of deep cuts in spending in a bid to contain the growth of the budget deficit.

The Government plans to curb public spending by BF 199bn in the next 18 months. A cut in short-term Treasury certificates also aided sentiment.

Petrofina led the market higher with its BF 120 gain to BF 8,040 in active trading, while chemical group Solvay firmed BF 40 to BF 8,450. Leading utility Intercom added BF 95 to BF 4,010 on the rate moves.

Retailer GB-Inmo-BM also turned in a strong performance with its BF 30 rise to BF 7,300.

Frankfurt turned sharply lower although the thin trading levels were attributed to the absence of many domestic operators for a local holiday.

A late foray by foreign investors forced many blue chips lower.

The mid-session calculation of the Commerzbank index was 18.0 down at 1,942.2, making for a 3.5 per cent decline over the three previous sessions.

The foreign profit-taking was initially concentrated among banks with Bayerische Vereinsbank down DM 28 to DM 520, Dresdner off DM 21.50 at DM 403.50 ex its DM 10 dividend and Deutsche Bank slumped DM 26 to DM 708. Commerzbank suffered the least with its DM 4 decline to DM 308.

Daimler took the sharpest fall among the car makers with its DM 25 drop to DM 1,290. VW was left DM 18.80 cheaper at DM 532 and BMW turned DM 6.50 lower to DM 558. Large early gains for Porsche were chipped away leaving the sports car group DM 2 higher at DM 1,042.

Foreign demand surfaced in the bond market helping to offset some early falls. Longs finished about ¼ higher but isolated losses amounted to 1½ points.

The Bundesbank bought DM 19.9m worth of domestic paper after purchases of DM 56.7m on Friday.

Paris was pushed lower by poor April employment figures, weak industrial output for March and a Bank of France report suggesting that industry is pessimistic about economic activity this year.

Zurich was weaker in thin volume as both foreign and domestic buyers remained hesitant after the market holiday. Export issues, notably chemicals, were weaker against a stronger dollar.

Milan was actively mixed on profit-taking after Monday's sharp gains. Fiat continued to make progress with a LI49 rise to LI8,448 and Generali hit a fresh high of LI69,000 with a LI4,500 surge.

Oso proved dull but oils began to respond to the stronger crude oil price.

Norsk Hydro added Nkr 1 to Nkr 142. Stockholm firmed in quiet trading. Madrid turned lower in quiet trading.

### SOUTH AFRICA

PRICES FIRMED across the board in Johannesburg as the rand drifted lower and the gold price turned higher.

In the gold sector Driefontein added 25 cents to R50.75 and Buffels 5 cents to R11.50 while Vaal Reefs remained steady at R212.

### CANADA

OILS were buoyant in a lower Toronto. Imperial Oil edged C\$4 higher to C\$43½, Shell Canada C\$4 to C\$23½ and Bluesky Oil 5 cents to C\$2.70.

Industrials and banks turned down. Carling O'Keefe slipped C\$½ to C\$14½, and Canadian Tire class A dropped C\$½ to C\$15½.

### LONDON

## Retailers overcome caution

RESULTS from the retailing sector buoyed London and partly overcame the cautious advance following the recent sharp shakeout.

The FT Ordinary share index posted a gain of 18.7 to 1,355.8 while the FT-SE 100 was up 11.8 at 1,384.3.

Sainsbury's, with preliminary figures higher than expected, put on 3p to 389p, while annual results from Underwoods pushed it up 3p to 184p.

Industrials and South African mining issues remained under pressure, however, following a drop in the rand and renewed calls for economic sanctions.

Gifts gradually improved throughout the session. Long-dated issues, down around ¼ early in the day, ended with rises of around ½. Shorts were also higher, but index-linked issues recorded losses of about ½.

Chief price changes: Page 17, Details, Page 36. Share information service, Pages 34-35.

### AUSTRALIA

THE DOWNWARD TREND resumed in Sydney yesterday. The only activity in the market was prompted by an upturn in world crude oil prices and the defensive buying of BHP stock.

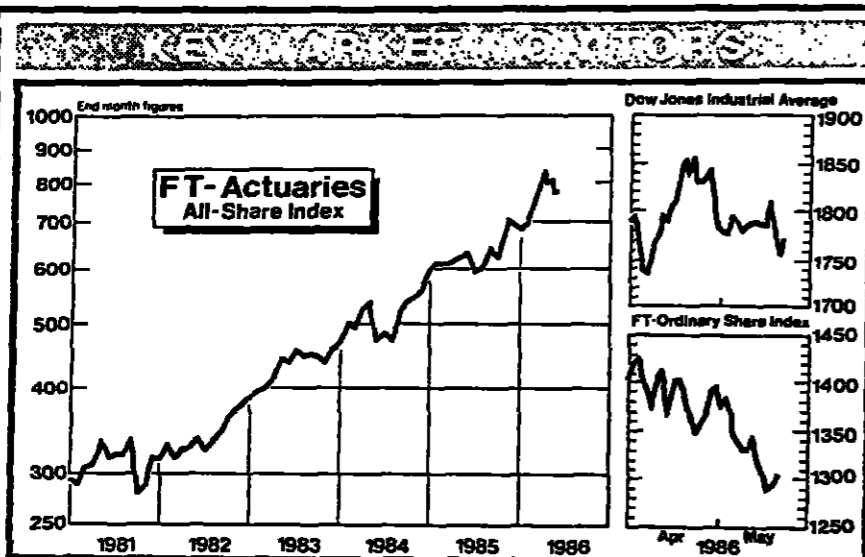
More than 3.6m shares in BHP changed hands and the issue ended 2 cents higher at A\$5.30. Bell Resources dropped 15 cents to A\$4.25, while parent company Bell Group remained steady at A\$8.80.

ANZ Bank's lower half year profits stripped it of 42 cents to A\$5.42, while in the retail sector Coles Myer dropped 30 cents to A\$5.78.

### SINGAPORE

EARLY profit-taking prompted late bargain hunting in Singapore and some blue chips recovered part of their initial losses. Most issues remained slightly lower, however.

Malayan Banking, the most actively traded issue with a turnover of 503,000 shares, dropped 3 cents to S\$2.86, while among other actives, Sime Darby eased 4 cents to S\$1.16.



STOCK MARKET INDICES				
	May 20	Previous	Year ago	
<b>NEW YORK</b>				
DJ Industrials	1,770.83	1,758.18	1,304.68	
DJ Transport	780.79	771.10	626.99	
DJ Utilities	181.26	181.72	164.70	
S&P Composite	235.28	233.20	189.72	
<b>LONDON</b>				
FT Ord	1,305.0	1,294.3	1,020.2	
FT-SE 100	1,355.8	1,344.1	1,030.8	
FT-A All-share	780.41	775.83	641.92	
FT-A 500	857.93	851.85	703.90	
FT Gold mines	228.6	241.9	481.5	
FT-A Long gilt	9.18	9.17	10.73	
<b>TOKYO</b>				
Nikkei	15,889.96	15,892.53	12,559.1	
Tokyo SE	1,235.60	1,237.11	986.07	
<b>AUSTRALIA</b>				
All Ord	1,176.2	1,197.9	904.5	
Metals & Mins.	481.1	497.4	583.8	
<b>AUSTRIA</b>				
Credit Aktien	123.22	123.62	94.47	
<b>BELGIUM</b>				
Belgian SE	n/a	3,650.38	2,238.51	
<b>CANADA</b>				
Toronto				
Metals & Mins	2,044.1	2,039.5	2,041.0	
Composite	3,039.7	3,044.3	2,723.2	
Montreal				
Portfolio	1,538.18	1,539.74	134.11	
<b>DENMARK</b>				
SE	225.06	225.21	189.01	
<b>FRANCE</b>				
CAC Gen	405.9	408.6	221.9	
Ind. Tendance	151.6	153.5	79.74	
<b>WEST GERMANY</b>				
FAZ-Aktien	641.72	647.1	437.06	
Commerzbank	1,942.2	1,960.2	1,278.8	
<b>HONG KONG</b>				
Hang Seng	1,777.27	1,765.02	1,638.47	
<b>ITALY</b>				
Banca Comin.	908.20	905.58	317.40	
<b>NETHERLANDS</b>				
ANP-CBS Gen	266.3	262.8	207.8	
ANP-CBS Ind	254.1	251.6	170.5	
<b>NORWAY</b>				
Oso SE	332.25	333.88	336.73	
<b>SINGAPORE</b>				
Straits Times	590.19	593.87	828.96	
<b>SOUTH AFRICA</b>				
JSE Golds	-	1,148.7	1,088.5	
JSE Industrials	-	1,166.1	942.5	
<b>SPAIN</b>				
Madrid SE	178.09	183.07	81.79	
<b>SWEDEN</b>				
J & P	2,340.64	2,331.63	1,417.55	
<b>SWITZERLAND</b>				
Swiss Bank Ind	560.74	568.1	432.3	
<b>WORLD</b>				
MS Capital Int'l	310.2	315.9	209.7	
<b>COMMODITIES</b>				
(London)	May 19	Prev		
Silver (spot fixing)	317.70	332.10p		
Copper (cash)	€38.50	€39.50		
Coffee (May)	€1,912.50	€1,953.50		
Oil (Brent blend)	€15.175	€15.45		
<b>GOLD (per ounce)</b>				
	May 20	Prev		
London	\$339.25	\$341.00		
Zurich	\$338.90	\$343.05		
Paris (fiding)	\$340.04	\$342.15		
Luxembourg	\$340.50	\$342.45		
New York (June)	\$339.80	\$340.70		

\* Latest available figures

# THE QUIET GIANT OF WORLD ENERGY.

At Kuwait Petroleum Corporation we don't believe in shouting about our achievements.

developing its refining capability and other downstream activities.

However, as one of the world's largest corporations, totally committed to the provision of energy into the next century and beyond, we are sure you will be interested to learn of our massive investment in exploring for, and realising, tomorrow's fuel.

A large modern tanker fleet transports Kuwaiti crude and refined product around the world. Liquid petroleum gas is processed and exported in bulk in special carriers. A network of filling stations in Western Europe is now owned by KPC.

There is hardly an area of oil production in which KPC is not a front runner.

Today KPC is funding world-wide exploration from as far afield as the South China Sea to the United States. The company is actively

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